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June 26, 1997

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DALLAS, TEXAS 75201-4761
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200 ONEOK PLAZA
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RIO PÁNUCO No. 7
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BY FEDERAL EXPRESS

Vernon A. Williams, Secretary
Surface Transportation Board
1925 "K" Street Northwest Suite 700
Washington, D.C. 20423
Attn: Janice Fort

1997 Railcar Financing with CIBC

Our File: 115159-004

Dear Mr. Williams:

We are special counsel for the Borrowers and the Guarantor referred to below, and we enclose two original counterparts of the following primary documents to be recorded pursuant to Section 11301 of the U.S. Code:

1. Release of the Loan and Security Agreement dated June 23, 1995 and recorded at the Interstate Commerce Commission on June 26, 1995 under number 19486; and
2. Loan and Security Agreement, dated June 23, 1997, among Formosa Plastics Corporation, Nevada, and Formosa Transrail Corporation as the Borrowers, Formosa Plastics Corporation, U.S.A. as the Guarantor; Canadian Imperial Bank of Commerce, New York Agency, as Agent for the Lenders; and CIBC Inc.; ABN AMRO Bank N.V. New York Branch; Bank Brussels Lambert, New York Branch; Banque Nationale de Paris; and Societe Generale, New York Branch as

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SURFACE TRANSPORTATION
BOARD

June 26, 1997
Page 2

the Lenders.

The names and addresses of the parties to the above-mentioned documents are as follows:

Borrower(s): Formosa Plastics Corporation,
and Guarantor Nevada
 Formosa Transrail Corporation
 Formosa Plastics Corporation,
 U.S.A.
 9 Peach Tree Hill Road
 Livingston, NJ 07039

Agent: Canadian Imperial Bank of
 Commerce, New York Agency, as
 Agent for the Lenders
 425 Lexington Avenue
 New York, NY 10017

Lenders: CIBC Inc.
 425 Lexington Avenue
 New York, NY 10017

ABN AMRO Bank N.V.,
New York Branch
500 Park Avenue
New York, NY 10022

Bank Brussels Lambert,
New York Branch
630 Fifth Avenue
Suite 630
New York, NY 10111

Banque Nationale de Paris
180 Montgomery Street
San Francisco, CA 94104

Societe Generale, New York
Branch
1221 Avenue of the Americas
New York, NY 10020

June 26, 1997
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The equipment involved in this transaction consists of the 2,657 railcars listed on Exhibit A to this letter.

We enclose two checks for USD 24.00 each as payment of your filing fees. Please file the new Loan and Security Agreement first and then file the Release of the old Loan and Security Agreement. Please return the file stamped Release and the file stamped Loan and Security Agreement to the undersigned.

A short summary of the documents to appear in the index follows:


1. Release of Loan and Security Agreement dated as of June 23, 1995; and
2. Loan and Security Agreement, dated as of June 23, 1997, among Formosa Plastics Corporation, Nevada and Formosa Transrail Corporation as Borrowers; Formosa Plastics Corporation, U.S.A., as Guarantor; Canadian Imperial Bank of Commerce, New York Agency, as Agent for the Lenders; and CIBC Inc., ABN AMRO Bank N.V. New York Branch, Bank Brussels Lambert, New York Branch, Banque Nationale de Paris, and Societe Generale, New York Branch, as the Lenders covering 2,657 railcars as described in the Loan and Security Agreement.

Please do not hesitate to contact the undersigned should you have any questions concerning the matters discussed in this letter, the enclosed documents or any other aspect of this transaction.

Very truly yours,

GARDERE WYNNE SEWELL & RIGGS, L.L.P.

By:


David Jungman

DJ/dp/tp

GW09\103218.

EXHIBIT A

A) EXISTING CARS:

CAR SERIES	UNIT	CAPACITY C.F.T.	MAKER	YEAR BUILT	UNIT	UNIT	TOTAL VALUE
					ORIGINAL PRICE	MARKET PRICE	
FPAX 3 DIGIT 459,483,672,674-677,679,681, 682,685-690,692,693,695-700, 702,704,706-708,710-712,714, 717-722,724,726,727,729,731- 736,738,740,-745,749,750,755, 757,758,762-764,766-777,779- 781,783-790	87	5,250	ACF	1977	36,000		
FPAX 4260xx 426000-426006,426008-426017, 426019,426020,426027,426028	21	26.3K GAL	ACF	1970	13,702		
FPAX 4260xx 426021-426026,426029-426036	14	26.3K GAL	ACF	1971	13,702		
FPAX 7416xx 741603	1	26.6K GAL	UTC	1968	13,702		
FPAX 7416xx 741600-741602,741607-741609, 741611-741618,741620,741621	16	26.7K GAL	UTC	1968	13,702		
FPAX 7416xx 741604,741605,741619	3	26.8K GAL	UTC	1968	13,702		
FPAX 7416xx 741622,741623,741625,741632- 741635,741641,741643-741645	11	29.1K GAL	UTC	1969	13,702		
FPAX 7416xx 741624,741626-741631,741636- 741639,741642,741646	12	29.2K GAL	UTC	1969	13,702		
FPAX 7416xx 741640	1	29.4K GAL	UTC	1969	13,702		
FPAX 944xxx 944600-944604	5	5,250	ACF	1971	18,000		
FPAX 945xxx 945200-945203,945208,945210, 945212-945214,945220-945222, 945224,945225,945228-945231, 945233,945234,945236-945241, 945245,945246,945249,945252, 945253,945265,945268,945271, 945280,945281,945285,945287- 945289,945292,945296,945297, 945303,945304,945306,945307, 945310-945316,945320,945322, 945324,945326,945328,945329, 945331,945332,945334,945336, 945337,945339,945341,945342, 945344,945348-945355,945358, 945362,945364,945373,945376- 945383,945385-945391,945393- 945408,945411,945413,945415, 945417,945419-945422,945424, 945427,945428,945430-945434, 945436,945440,945441,945443, 945444,945447,945450,945463, 945473-945475	139	5,250	ACF	1971	18,000		

A) EXISTING CARS: (CONTINUE)

CAR SERIES	UNIT	CAPACITY C.F.T.	MAKER	YEAR BUILT	UNIT ORIGINAL PRICE	UNIT MARKET PRICE	TOTAL VALUE
FPAX 4 DIGIT 5750-5757	8	5,701	NTH. AMERICAN	1978	40,300		
FPAX 4 DIGIT 5800,5801,5805,5808,5812,5820, 5830,5841	8	5,800	GULF RAILCAR	1988	35,000		
FPAX 4 DIGIT 5809,5817,5819,5823,5833-5835, 5837,5844,5845	10	5,800	GULF RAILCAR	1989	35,000		
FPAX 4 DIGIT 5814,5826	2	5,701	GULF RAILCAR	1988	33,088		
FPAX 4 DIGIT 5839	1	5,701	GULF RAILCAR	1989	35,000		
FPAX 4 DIGIT 5825	1	5,600	GULF RAILCAR	1988	35,000		
FPAX 5 DIGIT 11002,11003,11005,11007-11017, 11020-11024	19	5,701	NTH. AMERICAN	1978	38,500		
FPAX 820xxx 820001-820014,820016-820211, 820213-820263,820265-820298, 820300	296	5,701	ACF	1982	58,677		
FPAX 840xxx 840299	1	5,701	ACF	1982	58,677		
FPAX 860xxx 860212	1	5,701	ACF	1982	58,677		
FPAX 890xxx 890001-890100	100	5,850	TRINITY	1989	54,500		
FPAX 890xxx 890101-890250,890252-890416	315	5,851	TRINITY	1989	54,500		
FPAX 900xxx 900006,900009	2	16.4K GAL	GULF RAILCAR	1990	48,400		
FPAX 900xxx 900001-900005,900007,900008, 900010-900013,900015,900016, 900019-900022,900024-900033	27	16.5K GAL	GULF RAILCAR	1990	48,400		
FPAX 900xxx 900014,900017,900018,900023	4	16.6K GAL	GULF RAILCAR	1990	48,400		
FPAX 930xxx 930001-930033	33	5,800	UTC	1993	50,236		
FPAX 931xxx 931001-931004,931006-931009, 931011-931077,931080,931081, 931083,931084,931086,931088- 931102,931107-931128,931130, 931131,931134-931150	136	16.6K GAL	TRINITY	1993	48,384		
FPAX 931xxx 931005,931010,931078,931079, 931082,931085,931087,931103- 931106,931129,931132,931133	14	16.7K GAL	TRINITY	1993	48,384		
FPAX 932xxx 932008	1	22.2K GAL	TRINITY	1993	48,244		
FPAX 932xxx 932001-932006,932009,932010, 932013-932020,932022-932031, 932033,932035-932048,932050- 932054,932056-932060,932062- 932065	55	22.3K GAL	TRINITY	1993	48,244		
FPAX 932xxx 932007,932011,932012,932021, 932032,932034,932049,932055, 932061	9	22.4K GAL	TRINITY	1993	48,244		

A) EXISTING CARS: (CONTINUE)

CAR SERIES	UNIT	CAPACITY C.F.T.	MAKER	YEAR BUILT	UNIT	UNIT	TOTAL VALUE
					ORIGINAL PRICE	MARKET PRICE	
FPAX 940xxx 940000-940081,940083-940114, 940116-940127,940129-940154, 940182,940193-940207,940209- 940236,940238-940244,940246- 940251	209	5,850	TRINITY	1994	54,779		
FPAX 940xxx 940082,940115,940128,940155- 940181,940183-940192,940208	41	5,851	TRINITY	1994	54,779		
FPAX 941xxx 941000-941063	64	24.9K GAL	ACF	1994	64,734		
FPAX950xxx 950000-950052,950054-950131, 950133-950141,950143-950145, 950147,950148	145	5,850	TRINITY	1995	55,770		
FPAX950xxx 950053,950132,950142,950146, 950149-950599	455	5,851	TRINITY	1995	55,770		
TOTAL		2,267					

B) NEW CARS:

CAR SERIES	UNIT	CAPACITY C.F.T.	MAKER	YEAR BUILT	UNIT	UNIT	TOTAL VALUE
					ORIGINAL PRICE	MARKET PRICE	
FPAX 970xxx 970001-970390	390	6,221	TRINITY	1997	60,370	60,370	23,544,300
TOTAL		390					23,544,300
GRAND TOTAL		2,657					

[EXECUTION COPY]

RECORDATION NO. 20747 FILED

JUN 30 '97

10-19 AM

U.S.\$107,915,000

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT,

dated as of June 23, 1997,

among

FORMOSA PLASTICS CORPORATION, NEVADA

and

FORMOSA TRANSRAIL CORPORATION,

as the Borrowers,

FORMOSA PLASTICS CORPORATION, U.S.A.,

as the Guarantor,

CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY,

as the Agent for the Lenders

and

VARIOUS FINANCIAL INSTITUTIONS,

as the Lenders

Filed with the Surface Transportation Board of the Department of
Transportation pursuant to 49 U.S.C. § 11303 on _____,
1997 at _____ [A.M.] [P.M.] Recordation Number _____.

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EXHIBIT E	-	Form of Closing Date Certificate
EXHIBIT F	-	Form of Compliance Certificate
EXHIBIT G	-	Form of Status Report
EXHIBIT H	-	Lender Assignment Agreement

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT, dated as of June 23, 1997, among FORMOSA PLASTICS CORPORATION, NEVADA, a Delaware corporation, and FORMOSA TRANSRAIL CORPORATION, a Delaware corporation (each a "Borrower" and collectively, the "Borrowers"), FORMOSA PLASTICS CORPORATION, U.S.A., as the Guarantor (the "Guarantor"), the various financial institutions which are or may become parties hereto (collectively, the "Lenders" and, individually, a "Lender") and CANADIAN IMPERIAL BANK OF COMMERCE, NEW YORK AGENCY, as Agent (the "Agent") for the Lenders.

W I T N E S S E T H:

WHEREAS, each Borrower is a newly formed wholly owned subsidiary of the Guarantor; and

WHEREAS, pursuant to the Credit Agreement, dated as of June 23, 1995 (as amended or otherwise modified prior to the date hereof, the "Existing Credit Agreement"), among the Guarantor, the financial institutions parties thereto on the date hereof (the "Existing Lenders") and the Agent, as agent for the Existing Lenders, the Lenders made loans (the "Existing Loans") to the Guarantor (as the only borrower thereunder), which loans have been paid in full as of the date hereof; and

WHEREAS, the Lenders are willing, on the terms and subject to the conditions hereinafter set forth, to (i) amend and restate in its entirety the Existing Credit Agreement in accordance with the terms hereof and (ii) extend such Commitments and make Loans to the Borrowers pursuant to such Commitments; and

WHEREAS, the Guarantor is engaged directly and through its various subsidiaries in the business of manufacturing and selling chemical products and each borrower is engaged directly or indirectly in the business of transporting chemical products; and

WHEREAS, Borrowers own, collectively, 2,267 railcars as of the date hereof (the "Existing Equipment") (such Existing Equipment having been assigned to the Borrowers from the Guarantor) and have currently purchased 390 additional railcars (the "New Equipment") (as more fully described in Schedule I hereto, the Existing Equipment and the New Equipment, collectively, the "Equipment"); and

WHEREAS, in connection with the ownership of, and the purchase of, the Equipment, the Borrowers desire to obtain Loans,

in a maximum aggregate principal amount not to exceed \$107,915,000; and

WHEREAS, the Lenders are willing, on the terms and subject to the conditions hereinafter set forth (including Article V), to extend such Commitment and make such Loans to the Borrowers; and

WHEREAS, the Borrowers wish to secure their respective obligations to the Lenders hereunder and pursuant to Article X are granting a security interest in the Equipment and in related collateral to the Agent on behalf of the Lenders;

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

Capitalized and other terms used herein but not defined shall have the meanings assigned thereto in Appendix A.

ARTICLE II

COMMITMENT, BORROWING PROCEDURES AND NOTES

SECTION 2.1. Commitment. On the terms and subject to the conditions of this Agreement (including Article V), each Lender severally agrees to make Loans pursuant to the Commitment described in this Section 2.1.

SECTION 2.1.1. Commitment To Make Loans. On the Closing Date, and on the Subsequent Funding Date, each Lender will make a loan (relative to such Lender, its "Loan") to the Borrowers (or any one of them) equal to such Lender's Percentage of the aggregate amount of the Borrowing requested by such Borrower to be made on such day; provided, however, that the requested amount shall not exceed the appraised value of the Collateral being delivered as set forth in the appraisal delivered pursuant to Section 5.1.10. The commitments of the Lenders described in this Section 2.1.1 are herein referred to collectively as the "Commitment". No amounts paid or prepaid with respect to any Loans may be reborrowed.

SECTION 2.1.2. Lenders Not Required To Make Loans. No Lender shall be required to make any Loan if, after giving effect thereto, the aggregate original principal amount of all Loans (i) of all Lenders made since the Effective Date would exceed the Commitment Amount or (ii) of such Lender made since the Effective

Date would exceed such Lender's Percentage of the Commitment Amount.

SECTION 2.2. Borrowing Procedure. By delivering a Borrowing Request to the Agent on the date hereof, and on the Subsequent Funding Date, each Borrower may irrevocably request that a Borrowing be made in the amount of the value of the Equipment in question as provided in Section 2.1.1 and with evidence of compliance therewith attached to any such request for Borrowing. On or before 1:00 p.m. (New York City time) on such Business Day, each Lender shall deposit with the Agent same day funds in an amount equal to such Lender's Percentage of the Requested Borrowing.

SECTION 2.3. Continuation and Conversion of Loans. Unless repaid or prepaid, each Loan will continue for a successive Interest Period when the then current Interest Period ends; provided, however, that no portion of the outstanding principal amount of any Loans may be continued as a LIBO Rate Loan when any Default has occurred and is continuing. If any Default has occurred and is continuing, at the end of the then current Interest Period, all Loans will be automatically converted to Base Rate Loans until the end of the Interest Period in which the Default no longer exists and is no longer continuing. Once any such Default no longer exists and no longer is continuing, at the end of the then current Interest Period, all Loans will be automatically converted to LIBO Rate Loans. Each such continuation or conversion shall be prorated among the applicable outstanding Loans of all Lenders.

SECTION 2.4. Funding. Each Lender may, if it so elects, fulfill its obligation to make, continue or convert LIBO Rate Loans hereunder by causing one of its foreign branches or Affiliates (or an international banking facility created by such Lender) to make or maintain such LIBO Rate Loan; provided, however, that such LIBO Rate Loan shall nonetheless be deemed to have been made and to be held by such Lender, and the joint and several obligation of each Borrower to repay such LIBO Rate Loan shall nevertheless be to such Lender for the account of such foreign branch, Affiliate or international banking facility. In addition, each Borrower hereby consents and agrees that, for purposes of any determination to be made for purposes of Section 4.1, 4.2, 4.3 or 4.4, it shall be conclusively assumed that such Lender elected to fund all LIBO Rate Loans by purchasing, as the case may be, Dollar certificates of deposit in the U.S. or Dollar deposits in its LIBOR Office's interbank eurodollar market.

SECTION 2.5. Notes. All Loans made by each Lender shall be evidenced by a Note payable by each Borrower to the order of such Lender in a maximum principal amount equal to such Lender's Percentage of the Commitment Amount (or, in the case of an

Assignee Lender, an amount equal to the assigning Lender's assigned amount). Each Borrower hereby irrevocably authorizes each Lender to make (or cause to be made) appropriate notations on the grid attached to such Lender's Note (or on any continuation of such grid), which notations, if made, shall evidence, inter alia, the date of and outstanding principal of, and the interest rate and Interest Period applicable to the Loans evidenced thereby. Such notations shall, in the absence of manifest error, be conclusive evidence of the accuracy of the information so recorded; provided, however, that the failure of any Lender to make any such notations shall not limit or otherwise affect any Obligations of any Borrower or any other Obligor.

ARTICLE III

REPAYMENTS, PREPAYMENTS, INTEREST AND FEES

SECTION 3.1. Repayments and Prepayments. The Borrowers shall repay in full the unpaid principal amount of each Loan upon the Stated Maturity Date therefor. Prior thereto, the Borrowers

(a) shall make a scheduled repayment of the aggregate outstanding principal amount, if any, of all Loans on the dates and in the amounts set forth in Schedule A attached hereto.

(b) shall, immediately upon any acceleration of the Stated Maturity Date of any Loan pursuant to Section 9.2 or Section 9.3, repay all Loans, unless, pursuant to Section 9.3, only a portion of all Loans is so accelerated, in which case the portion so accelerated shall be prepaid.

(c) may, from time to time on any Business Day, make a voluntary prepayment, in whole or in part, of the outstanding principal amount of any Loans; provided, however, that no such prepayment of any LIBO Rate Loan may be made on any day other than the last day of the Interest Period for such Loan.

Each prepayment of any Loan made pursuant to this Section shall be without premium or penalty, except as may be required by Section 4.4 and may not be reborrowed.

SECTION 3.2. Interest Provisions. Interest on the outstanding principal amount of Loans shall accrue and be payable in accordance with this Section 3.2.

SECTION 3.2.1. Rates. (a) Subject to the terms and conditions of Section 2.3, all Loans comprising a Borrowing shall

accrue interest at a rate per annum as a LIBO Rate Loan, during each Interest Period applicable thereto, equal to the sum of the LIBO Rate (Reserve Adjusted) for such Interest Period plus the Applicable Margin.

The "LIBO Rate (Reserve Adjusted)" means, relative to any Loan to be made, continued or maintained as, or converted into, a LIBO Rate Loan for any Interest Period, a rate per annum (rounded upwards, if necessary, to the nearest 1/16 of 1%) determined pursuant to the following formula:

$$\text{LIBO Rate (Reserve Adjusted)} = \frac{\text{LIBO Rate}}{1.00 - \text{LIBOR Reserve Percentage}}$$

The LIBO Rate (Reserve Adjusted) for any Interest Period for LIBO Rate Loans will be determined by the Lender on the basis of the LIBOR Reserve Percentage in effect two Business Days before the first day of such Interest Period.

"LIBO Rate" means, relative to any Interest Period for LIBO Rate Loans, the rate of interest equal to the average (rounded upwards, if necessary, to the nearest 1/16 of 1%) of the rates per annum at which Dollar deposits in immediately available funds are offered to the Agent's LIBOR Office in the New York interbank market as at or about 10:00 a.m. time two Business Days prior to the beginning of such Interest Period for delivery on the first day of such Interest Period, and in an amount approximately equal to the amount of the Agent's LIBO Rate Loan and for a period approximately equal to such Interest Period.

"LIBOR Reserve Percentage" means, relative to any Interest Period for LIBO Rate Loans, the reserve percentage (expressed as a decimal) equal to the maximum aggregate reserve requirements (including all basic, emergency, supplemental, marginal and other reserves and taking into account any transitional adjustments or other scheduled changes in reserve requirements) specified under regulations issued from time to time by the F.R.S. Board and then applicable to assets or liabilities consisting of and including "Eurocurrency Liabilities", as currently defined in Regulation D of the F.R.S. Board, having a term approximately equal or comparable to such Interest Period.

(b) If in accordance with Section 2.3 the Loans have been converted into Base Rate Loans, the Loans shall accrue interest at a rate per annum equal to the sum of the Alternate Base Rate from time to time in effect plus the Applicable Margin, until such time, if any, as the Loans have been converted into LIBO Rate Loans in accordance with Section 2.3.

(c) All Loans shall bear interest from and including the first day of the applicable Interest Period to (but not

including) the last day of such Interest Period at the interest rate determined as applicable to such Loan.

SECTION 3.2.2. Post-Maturity Rates. After the date any principal amount of any Loan is due and payable (whether on a prepayment date, the Stated Maturity Date, upon acceleration or otherwise), or after any other monetary Obligation of any Borrower shall have become due and payable, the Borrowers shall pay, but only to the extent permitted by law, interest (after as well as before judgment) on such amounts at a rate per annum equal to the Alternate Base Rate plus 1%.

SECTION 3.2.3. Payment Dates. Interest accrued on each Loan shall be payable, without duplication:

- (a) on the Stated Maturity Date therefor;
- (b) on the date of any payment or prepayment, in whole or in part, of principal outstanding on such Loan;
- (c) on the last day of each applicable Interest Period;
- (d) on the last day of each calendar quarter with respect to any Alternate Base Rate Loan; and
- (e) on that portion of any Loan the Stated Maturity Date of which is accelerated pursuant to Section 9.2 or Section 9.3, immediately upon such acceleration.

Interest accrued on Loans or other monetary Obligations arising under this Agreement or any other Loan Document after the date such amount is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) shall be payable upon demand.

SECTION 3.3. Fees. (a) The Borrowers agree to pay to CIBC Leasing, for its own account, fees in the amounts, on the dates and in the manner set forth in the CIBC Leasing Fee Letter.

(b) Commencing on the Closing Date, the Borrowers agree to pay to the Agent, for the account of the Lenders, a non-refundable fee in the amount of .1250% per annum which fee will accrue on the daily average unused portion of the Commitment Amount, and be payable on the Subsequent Funding Date, and thereafter, quarterly in arrears and on the final maturity of the Loans (whether by stated maturity or otherwise).

ARTICLE IV

CERTAIN LIBO RATE AND OTHER PROVISIONS

SECTION 4.1. LIBO Rate Lending Unlawful. If any Lender shall determine (which determination shall, upon notice thereof to the Borrowers and the Lenders, be conclusive and binding on the Borrowers) that the introduction of or any change in or in the interpretation of any law makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for such Lender to make, continue or maintain any Loan as, or to convert any Loan into, a LIBO Rate Loan, the obligations of all Lenders to make, continue, maintain or convert any such Loans shall, upon such determination, forthwith be suspended until such Lender shall notify the Agent that the circumstances causing such suspension no longer exist, and all LIBO Rate Loans shall automatically convert into Base Rate Loans at the end of the then current Interest Period with respect thereto or sooner, if required by such law or assertion.

SECTION 4.2. Deposits Unavailable. If the Agent shall have determined that

(a) Dollar certificates of deposit or Dollar deposits, as the case may be, in the relevant amount and for the relevant Interest Period are not available to the Agent in its relevant market; or

(b) by reason of circumstances affecting the Agent's relevant market, adequate means do not exist for ascertaining the interest rate applicable hereunder to LIBO Rate Loans,

then, upon notice from the Agent to the Borrowers, the obligations of all Lenders under Section 2.2 and Section 2.3 to make or continue any Loans as, or to convert any Loans into, LIBO Rate Loans of such type shall forthwith be suspended until the Agent shall notify the Borrower and the Lenders that the circumstances causing such suspension no longer exist.

SECTION 4.3. Increased LIBO Rate Loan Costs, etc. The Borrowers agree to reimburse each Lender for any increase in the cost to such Lender of, or any reduction in the amount of any sum receivable by such Lender in respect of, making, continuing or maintaining (or of its obligation to make, continue or maintain) any Loans as, or of converting (or of its obligation to convert) any Loans into, LIBO Rate Loans. Such Lender shall promptly notify the Agent and the Borrowers in writing of the occurrence of any such event, such notice to state, in reasonable detail, the reasons therefor and the additional amount required fully to compensate such Lender for such increased cost or reduced amount.

Such additional amounts shall be payable by the Borrowers directly to such Lender within five days of its receipt of such notice, and such notice shall, in the absence of manifest error, be conclusive and binding on the Borrowers.

SECTION 4.4. Funding Losses. In the event any Lender shall incur any loss or expense (including any loss or expense incurred by reason of the liquidation or reemployment of deposits or other funds acquired by such Lender to make, continue or maintain any portion of the principal amount of any Loan as, or to convert any portion of the principal amount of any Loan into, a LIBO Rate Loan) as a result of

(a) any conversion or repayment or prepayment of the principal amount of any LIBO Rate Loans on a date other than the scheduled last day of the Interest Period applicable thereto, whether pursuant to Section 3.1 or otherwise;

(b) any Loans not being made as LIBO Rate Loans in accordance with the Borrowing Request therefor; or

(c) any Loans not being automatically continued as, or converted into, LIBO Rate Loans in accordance with Section 2.3,

then, upon the written notice of such Lender to the Agent and the Borrowers, the Borrowers shall, within five (5) days of its receipt thereof, pay directly to such Lender such amount as will (in the reasonable determination of such Lender) reimburse such Lender for such loss or expense. Such written notice (which shall include calculations in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrowers.

SECTION 4.5. Increased Capital Costs. If any change in, or the introduction, adoption, effectiveness, interpretation, reinterpretation or phase-in of, any law or regulation, directive, guideline, decision or request (whether or not having the force of law) of any court, central bank, regulator or other Governmental Authority affects or would affect the amount of capital required or expected to be maintained by any Lender or any Person controlling such Lender, and such Lender determines (in its sole and absolute discretion) that the rate of return on its or such controlling Person's capital as a consequence of its Commitment or the Loans made by such Lender is reduced to a level below that which such Lender or such controlling Person could have achieved but for the occurrence of any such circumstance, then, in any such case upon notice from time to time by such Lender to the Borrowers, the Borrowers shall immediately pay directly to such Lender additional amounts sufficient to compensate such Lender or such controlling Person for such

reduction in rate of return. A statement of such Lender as to any such additional amount or amounts (including calculations thereof in reasonable detail) shall, in the absence of manifest error, be conclusive and binding on the Borrowers. In determining such amount, such Lender may use any method of averaging and attribution that it (in its sole and absolute discretion) shall deem applicable.

SECTION 4.6. Taxes. All payments by the Borrowers of principal of, and interest on, the Loans and all other amounts payable hereunder shall be made free and clear of and without deduction for any present or future income, excise, stamp or other taxes, fees, duties, withholdings or other charges of any nature whatsoever imposed by any taxing authority, other than franchise taxes and taxes imposed on or measured by any Lender's net income or receipts (such non-excluded items being called "Taxes"). In the event that any withholding or deduction from any payment to be made by the Borrowers hereunder is required in respect of any Taxes pursuant to any applicable law, rule or regulation, then the Borrowers will

(a) pay directly to the relevant authority the full amount required to be so withheld or deducted;

(b) promptly forward to the Agent an official receipt or other documentation satisfactory to the Agent evidencing such payment to such authority; and

(c) pay to the Agent for the account of the Lenders such additional amount or amounts as is necessary to ensure that the net amount actually received by each Lender will equal the full amount such Lender would have received had no such withholding or deduction been required.

Moreover, if any Taxes are directly asserted against the Agent or any Lender with respect to any payment received by the Agent or such Lender hereunder, such Lender may pay such Taxes and the Borrowers will promptly pay such additional amounts (including any penalties, interest or expenses) as is necessary in order that the net amount received by such person after the payment of such Taxes (including any Taxes on such additional amount) shall equal the amount such person would have received had not such Taxes been asserted.

If any Borrower fails to pay any Taxes when due to the appropriate taxing authority or fails to remit to the Agent, for the account of the respective Lenders, the required receipts or other required documentary evidence, the Borrowers shall indemnify the Lenders for any incremental Taxes, interest or penalties that may become payable by any Lender as a result of any such failure. For purposes of this Section, a distribution

hereunder by the Agent or any Lender to or for the account of any Lender shall be deemed payment by the Borrowers.

Upon the written request of any Borrower or the Agent, each Lender that is organized under the laws of a jurisdiction other than the United States shall, prior to the due date of any payments under the Notes, execute and deliver to such Borrower and the Agent, on or about the first scheduled payment date in each Fiscal Year, one or more (as such Borrower or the Agent may reasonably request) United States Internal Revenue Service Forms 4224 or Forms 1001 or such other forms or documents (or successor forms or documents), appropriately completed, as may be applicable to establish the extent, if any, to which a payment to such Lender is exempt from withholding or deduction of Taxes.

SECTION 4.7. Payments, Computations, etc. Unless otherwise expressly provided, all payments by the Borrowers pursuant to this Agreement, the Notes or any other Loan Document shall be made by the Borrowers to the Agent for the pro rata account of the Lenders entitled to receive such payment. Such payments required to be made to the Agent shall be the joint and several obligations of each Borrower, regardless of which Borrower originally requested that the applicable Loan be made, and all such payments shall be made, without setoff, deduction or counterclaim, not later than 11:00 a.m. (New York City time) on the date due, in immediately available funds, to such account as the Agent shall specify from time to time by notice to the Borrowers. Funds received after that time shall be deemed to have been received by the Agent on the next succeeding Business Day. The Agent shall promptly remit in same day funds to each Lender its share, if any, of such payments received by the Agent for the account of such Lender. All interest and fees shall be computed on the basis of the actual number of days (including the first day but excluding the last day) occurring during the period for which such interest or fee is payable over a year comprised of 360 days (or, in the case of interest on a Base Rate Loan, 365 days or, if appropriate, 366 days). Whenever any payment to be made shall otherwise be due on a day which is not a Business Day, such payment shall (except as otherwise required by the definition of the term "Interest Period") be made on the next succeeding Business Day and such extension of time shall be included in computing interest and fees, if any, in connection with such payment.

SECTION 4.8. Lender's Duty to Mitigate. Each Lender agrees that, as promptly as practicable after it becomes aware of the occurrence of an event or the existence of a condition that would cause it to be affected under Section 4.1 or 4.3, or that would entitle any Lender to receive payments under Section 4.5, it will, to the extent not inconsistent with such Lender's internal policies, use reasonable efforts to make, fund, or maintain its

affected LIBO Rate Loans through another lending office of such Lender if, as a result thereof, the additional moneys which would otherwise be required to be paid to such Lender pursuant to Section 4.3 or 4.5, as the case may be, would be materially reduced, or the illegality or other adverse circumstances which would otherwise require a conversion of such Loans pursuant to Section 4.1 would cease to exist, and if, as determined by such Lender in its sole discretion, the making, funding or maintaining of such Loans through such other lending office would not otherwise adversely affect such Loans or such Lender.

SECTION 4.9. Replacement of Lenders. Each Lender hereby agrees that if any Lender (i) is unable to make, continue or maintain any Loan as, or to convert any Loan into, a LIBO Rate Loan pursuant to Section 4.1 or (ii) makes demand upon any Borrower for compensation resulting from any materially increased costs pursuant to Section 4.3 or 4.5, the Borrowers may, within 90 days of receipt of such demand, give notice (a "Replacement Notice") in writing to such Lender of its intention to replace such Lender with a financial institution designated in such Replacement Notice. Upon receipt of such Replacement Notice, such Lender shall assign, in accordance with Section 12.11, all of its Commitments, Loans, Notes and other rights and obligations under this Agreement and all other Loan Documents to such designated financial institution; provided that (i) such assignment shall be without recourse, representation and warranty and shall be on terms and conditions reasonably satisfactory to such Lender and such designated financial institution and (ii) the purchase price paid by such designated financial institution shall be in an amount equal to the aggregate amount of all Loans owed to such replaced Lender, plus all other amounts (including accrued interest and fees and the amounts demanded and unreimbursed under Sections 4.3 and 4.5), owing to such replaced Lender hereunder. Upon the effective date of such Assignment, each Borrower shall issue a replacement Note or Notes (in exchange for the Notes then outstanding of such replaced Lender), as the case may be, to such designated financial institution and such institution shall become a "Lender" for all purposes under this Agreement and all other Loan Documents.

SECTION 4.10. Sharing of Payments. If any Lender shall obtain any payment or other recovery (whether voluntary, involuntary, by application of setoff or otherwise) on account of any Loan (other than pursuant to the terms of Sections 4.3, 4.4 and 4.5) in excess of its pro rata share of payments then or therewith obtained by all Lenders, such Lender shall purchase from the other Lenders such participations in Loans made by them as shall be necessary to cause such purchasing Lender to share the excess payment or other recovery ratably with each of them; provided, however, that if all or any portion of the excess payment or other recovery is thereafter recovered from such

purchasing Lender, the purchase shall be rescinded and each Lender which has sold a participation to the purchasing Lender shall repay to the purchasing Lender the purchase price to the ratable extent of such recovery together with an amount equal to such selling Lender's ratable share (according to the proportion of (a) the amount of such selling Lender's required repayment to the purchasing Lender, to (b) the total amount so recovered from the purchasing Lender) of any interest or other amount paid or payable by the purchasing Lender in respect of the total amount so recovered. The Borrowers agree that any Lender so purchasing a participation from another Lender pursuant to this Section may, to the fullest extent permitted by law, exercise all its rights of payment (including pursuant to Section 4.5) with respect to such participation as fully as if such Lender were the direct creditor of each Borrower in the amount of such participation. If under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a setoff to which this Section applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section to share in the benefits of any recovery on such secured claim.

SECTION 4.11. Setoff. Each Lender shall, upon the occurrence of any Default described in clauses (a) through (d) of Section 9.1.9 or, with the consent of the Required Lenders, upon the occurrence of any other Event of Default, have the right to appropriate and apply to the payment of the Obligations owing to it (whether or not then due), and (as security for such Obligations) each Borrower hereby grants to each Lender a continuing security interest in any and all balances, credits, deposits, accounts or moneys of such Borrower then or thereafter maintained with or otherwise held by such Lender; provided, however, that any such appropriation and application shall be subject to the provisions of Section 4.10. Each Lender agrees promptly to notify the Borrowers and the Agent after any such setoff and application made by such Lender; provided, however, that the failure to give such notice shall not affect the validity of such setoff and application. The rights of each Lender under this Section are in addition to other rights and remedies (including other rights of setoff under applicable law or otherwise) which such Lender may have.

SECTION 4.12. Use of Proceeds. The Borrowers shall apply the proceeds of the Borrowing in accordance with the fifth recital and for general corporate purposes; without limiting the foregoing, no proceeds of any Loan will be used to acquire any equity security of a class which is registered pursuant to Section 12 of the Securities Exchange Act of 1934 or any "margin stock", as defined in F.R.S. Board Regulation U.

ARTICLE V

CONDITIONS TO BORROWING

SECTION 5.1. Borrowing Conditions. The obligation of the Lenders to fund the initial Borrowing shall be subject to the prior or concurrent satisfaction of each of the conditions precedent set forth in this Section 5.1.

SECTION 5.1.1. Corporate Documents, etc. The Agent shall have received

(a) from each Obligor, a copy of

(i) a certificate of good standing from the Secretary of State of each state in which such Obligor is qualified to do business;

(ii) a certificate, dated the date of the initial Borrowing, of its Secretary or Assistant Secretary as to

(a) resolutions of its Board of Directors then in full force and effect authorizing the execution, delivery and performance of this Agreement, each other Loan Document to be executed by it or such other document satisfactory to the Agent and, in the case of each Borrower, the Notes;

(b) the incumbency and signatures of those of its officers authorized to act with respect to this Agreement, each other Loan Document to be executed by it and, in the case of each Borrower, the Notes (upon which certificate the Agent and each Lender may conclusively rely until the Agent shall have received a further certificate of the Secretary of such Obligor canceling or amending such prior certificate, which further certificate shall be reasonably satisfactory to the Agent);

(c) its Organic Documents; and

(b) such other documents (certified if requested) as the Agent or the Lenders may reasonably request with respect to any matter relevant to this Agreement or the transactions contemplated hereby.

SECTION 5.1.2. Delivery of Notes. The Agent shall have received, for the account of each Lender, such Lender's Note duly executed and delivered by the Borrowers.

SECTION 5.1.3. Payment of Outstanding Indebtedness, etc. All Indebtedness identified in Item 5.1.3 of the Disclosure Schedule, entitled "Indebtedness to be Paid", together with all interest, and other amounts due and payable with respect thereto, shall have been paid in full; all commitments issued thereunder shall have been terminated and all Liens securing payment of any such Indebtedness shall have been released.

SECTION 5.1.4. Loan Agreement. The Agent shall have received this Agreement, dated the date hereof, duly executed and delivered by the Borrowers and the Guarantor.

SECTION 5.1.5. Guaranty. The Agent shall have received the Guaranty, dated the date hereof, duly executed by the Guarantor.

SECTION 5.1.6. Security. In connection with the Lien to be established in Article X hereof, the Agent shall have received

(a) evidence of the completion (or satisfactory arrangements for the completion) of all recordings and filings of this Agreement as may be necessary or, in the reasonable opinion of the Lender, desirable to effectively create a valid, perfected first priority Lien against the Collateral purported to be covered hereby including, on or before the Closing Date or as soon thereafter as is reasonably practicable: (i) the Borrowers shall have caused this Agreement to be duly filed, recorded and deposited in conformity with 49 U.S.C. § 11303 and in such other places within the United States as the Lenders may reasonably request for the protection of the security interest of the Lenders in the Collateral and (ii) Uniform Commercial Code financing statements naming each Borrower as debtor and the Agent on behalf of the Lenders as secured party shall have been filed in such public offices as are reasonably deemed necessary or appropriate by the Lenders to perfect the right, title and interest of the Lenders in the Collateral; and

(b) such other approvals, opinions, or documents as the Lenders may reasonably request.

SECTION 5.1.7. Opinion of Counsel to the Borrowers. The Agent shall have received an opinion, dated the date of the initial Borrowing and addressed to the Lenders, from counsel to each Obligor, substantially in the form of Exhibit D-1 hereto.

SECTION 5.1.8. Other Opinions of Counsel. On the Closing Date, the Agent shall have received the favorable written opinion substantially in the form of Exhibit D-2 from special nationally recognized STB counsel to the transaction, which counsel shall be

satisfactory to the Lenders, and whose fees, costs and expenses shall be for the account of the Borrowers.

SECTION 5.1.9. Initial Delivery. On the Closing Date, evidence of each Borrower's existing title in respect of all of the Equipment shall have been delivered.

SECTION 5.1.10. Appraisal. The Agent shall have received, from each Borrower, an independent appraisal of the Collateral described in Section 10.1 hereof in form, scope, authority and substance satisfactory to the Lenders.

SECTION 5.1.11. Compliance Certificate and Disclosure Schedule. The Agent shall have received a compliance certificate in the form of Exhibit F dated as of the Closing Date from the Guarantor and a disclosure schedule to be attached as Schedule II hereto from the Borrowers.

SECTION 5.1.12. Insurance. The Agent shall have received evidence (including an appropriate letter from each Obligor's insurance broker) that all insurance policies, coverages and riders required pursuant to Section 7.1.10 hereof are in full force and effect.

SECTION 5.1.13. Borrowing Request. The Agent shall have received a Borrowing Request for the Borrowing. The delivery of the Borrowing Request and the acceptance by any Borrower of the proceeds of the Borrowing shall constitute a representation and warranty by such Borrower that on the date of the Borrowing (both immediately before and after giving effect to the Borrowing and the application of the proceeds thereof) the statements made in Section 5.1.16 are true and correct.

SECTION 5.1.14. Closing Fees, Expenses, etc. The Agent shall have received for its own account, or the account of each Lender, as the case may be, all fees and expenses due and payable pursuant to any fee letters entered into by the parties hereto and Sections 3.3 and 12.3 and, if then invoiced, Section 10.4.3.

SECTION 5.1.15. Financial Information. The Agent shall have received the audited consolidated balance sheet of the Guarantor and its respective Subsidiaries, and the related consolidated statements of income and cash flow, for the Fiscal Year ended December 31, 1996, certified without any qualification or exception by Arthur Andersen LLP prepared in accordance with GAAP consistently applied, with the scope and results of such financial statements being satisfactory to the Agent.

SECTION 5.1.16. Compliance with Warranties, No Default, etc. Both before and after giving effect to the Borrowing (but, if any Default of the nature referred to in Section 9.1.5 shall

have occurred with respect to any other Indebtedness, without giving effect to the application, directly or indirectly, of the proceeds hereof) the following statements shall be true and correct:

(a) the representations and warranties set forth in Article VI shall be true and correct in all material respects with the same effect as if then made (unless stated to relate solely to an earlier date, in which case such representations and warranties shall be true and correct as of such earlier date); and

(b) no Default shall have then occurred and be continuing, and neither any Borrower nor any other Obligor shall be in material violation of any law or governmental regulation or court order or decree.

SECTION 5.1.17. Material Adverse Change. There shall have occurred no event or condition constituting or which could reasonably be expected to constitute a material adverse change in the financial condition, business or prospects of any Obligor.

SECTION 5.1.18. Satisfactory Legal Form. All documents executed or submitted pursuant hereto by or on behalf of any Borrower or any other Obligor shall be satisfactory in form and substance to the Agent and its counsel; the Agent and its counsel shall have received all information, approvals, opinions, documents or instruments and such counterpart originals or such certified or other copies of such materials, as the Agent or its counsel may reasonably request; and all legal matters incident to the transactions contemplated by this Agreement shall be satisfactory to counsel to the Agent.

SECTION 5.1.19. Title. The Borrowers shall have good and marketable legal and beneficial title to each Unit listed on Schedule I with respect thereto, in each case free and clear of all Liens, except Permitted Liens of the type described in clauses (a) and (c) (with respect to taxes, assessments or other charges not yet due and payable) of the definition thereof.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

In order to induce the Agent and the Lenders to enter into this Agreement and to make Loans hereunder, each Borrower and the Guarantor represents and warrants unto the Agent and each Lender as set forth in this Article VI.

SECTION 6.1. Corporate Existence, Ownership and Power. Each Obligor is a corporation duly organized and validly existing under the laws of the state of its incorporation. Prior to the initial Borrowing, such Obligor will be (and thereafter will continue to be) duly qualified and authorized to do business and is in good standing in each jurisdiction in which the failure so to be qualified would have a material adverse effect on such Obligor. Each Obligor has all requisite corporate power and authority (i) to own its assets and to carry on its business as now being conducted, (ii) to execute, deliver and perform its obligations under this Agreement, each other Loan Document and in the case of each Borrower, the Notes, (iii) in the case of each Borrower, to issue the Notes in the manner and for the purpose contemplated by this Agreement, and (iv) to execute, deliver and perform its obligations under all other agreements, instruments and documents executed and delivered by such Obligor pursuant to or in connection with this Agreement.

SECTION 6.2. Authorization. (a) The execution, delivery and performance by each Obligor of this Agreement, in the case of each Borrower, the issuance of the Notes in the manner and for the purpose contemplated by this Agreement, and the execution, delivery and performance by each Obligor of all other agreements, instruments and documents to be executed and delivered by such Obligor pursuant hereto or thereto or in connection herewith or therewith, have been duly authorized by all necessary corporate action (including any necessary stockholder action) on the part of such Obligor, and do not and will not (i) violate (x) any law, rule or regulation of the United States of America or any state thereof, (y) any order, writ, judgment, decree, determination or award presently in effect having applicability to such Obligor or the Articles of Incorporation or bylaws of such Obligor, or (z) any indenture, agreement or other instrument reasonably deemed by the Lenders to be material to which such Obligor is a party or by which it or any of its property is bound, or (ii) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any such indenture, agreement or other instrument or (iii) result in or require (except as specifically contemplated by this Agreement) the creation or imposition of any Lien upon any of its properties, assets or revenues.

(b) This Agreement has been duly executed and delivered by each Obligor and constitutes, and (when executed and delivered by such Obligor) each other agreement or instrument executed and delivered by such Obligor in connection therewith will constitute, and each Note (when issued by each Borrower) will constitute, the legal, valid and binding obligations of such Obligor, enforceable against such Obligor in accordance with their respective terms, except as enforcement may be limited by bankruptcy, insolvency and other similar laws affecting the

enforcement of creditors' rights generally and by moratorium laws from time to time in effect and by general principles of equity.

(c) No authorization, consent, approval, license or formal exemption from, nor any filing, declaration or registration with, any court, governmental agency or regulatory authority (including, without limitation, any federal, state, local or foreign court, governmental agency or regulatory authority in the United States), including, without limitation, the Securities and Exchange Commission, or with any securities exchange, is required by any Obligor in connection with the making and performance by such Obligor of this Agreement or, in the case of each Borrower, the issuance of the Notes in the manner and for the purpose contemplated by this Agreement, except for such filings as have been made and are in effect.

SECTION 6.3. Financial Condition. The Guarantor has heretofore provided the Agent with the audited financial statements of the Guarantor and its subsidiaries, as of December 31, 1996 and the Guarantor has prepared financial statements as of March 31, 1997 for distribution to the Lenders. Such financial statements are correct and complete and fairly set forth the financial condition of the Guarantor and its Subsidiaries at and as of the date thereof, all in accordance with generally accepted accounting principles applied on a consistent basis, and there has occurred no material adverse change in the financial condition of the Guarantor, or any of its Subsidiaries, since the date thereof.

SECTION 6.4. Legal Proceedings. Except as disclosed in the financial statements referred to in Section 6.3 hereof, or otherwise disclosed in writing to the Agent and the Lenders prior to the date of this Agreement, there is no suit, action, claim or proceeding at law or in equity before any court in any jurisdiction or by or before any governmental agency (including, without limitation, the Securities and Exchange Commission or any regulatory commission of any jurisdiction in the United States or elsewhere) or authority or arbitral tribunal now pending or, to the knowledge of any Obligor, threatened against or affecting such Obligor, which, if determined adversely to such Obligor, would materially adversely affect the ability of such Obligor to perform or observe its obligations under, or the validity or enforceability of, this Agreement, any other agreement, instrument or document executed and delivered by such Obligor in connection with this Agreement or, in the case of each Borrower, the Notes.

SECTION 6.5. Tax Returns. Each Obligor has filed or caused to be filed all United States, state, local and foreign tax returns which are required to be filed by it and has paid or caused to be paid all taxes as shown on such returns or on any

assessment received by it to the extent that such taxes have become due, except taxes the validity of which are being contested in good faith by appropriate proceedings and with respect to which such Obligor shall have set aside on its books adequate reserves.

SECTION 6.6. Investment Company Act. None of the Borrowers is an "investment company" as that term is defined in, nor otherwise subject to regulation under, the Investment Company Act of 1940, as amended.

SECTION 6.7. Federal Reserve Regulations. Such Obligor is not engaged principally, or as one of its important activities, in the business of purchasing or carrying or extending credit for the purpose of purchasing or carrying any margin stock (within the meaning of Regulations U and X of the Board of Governors of the United States Federal Reserve System), and no part of the proceeds of any Loan will be used to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock or for any purpose that violates, or is inconsistent with, the provisions of Regulations U or X of said Board of Governors.

SECTION 6.8. Commercial Activity; Absence of Immunity. The execution and delivery by each Obligor of this Agreement and each other Loan Document to which it is a party and the performance of its obligations hereunder and thereunder constitute private and commercial activities rather than governmental or public activities, and neither such Obligor nor any of its properties, assets or revenues enjoys any right of immunity from suit, jurisdiction, attachment prior to judgment, attachment in aid of execution, set-off or from any other legal process with respect to any of its obligations under this Agreement or any other Loan Document.

SECTION 6.9. Taxes. There are no stamp or other taxes, assessments, governmental charges or levies imposed by withholding or otherwise by or within the United States or any political subdivision thereof on or with respect to this Agreement or any other agreement, instrument or document referred to herein or relating hereto or any payment to be made hereunder or thereunder by any Obligor, except for income and franchise taxes imposed by the United States of America, any state, city or other political subdivision or fiscal or taxing authority thereof based upon the overall net income of the recipient.

SECTION 6.10. Accuracy of Information. All written information supplied by each Obligor to the Agent and the Lenders relating to such Obligor is true, complete and accurate in all material respects as of the date made or at the time it speaks, and such information does not omit to state any material fact

necessary in order to make the statements contained therein not misleading. Such Obligor is not aware of any facts or circumstances that have not been disclosed to the Agent and the Lenders which, if disclosed, could adversely affect the decision of any Lender to enter into this Agreement.

SECTION 6.11. ERISA. With respect to any Plan, each Obligor is in compliance in all material respects with the applicable provisions of Title IV of ERISA and the regulations and published interpretations thereunder. No Termination Event has occurred, and such Obligor has not incurred any material liability under Title IV of ERISA, with respect to any Plan or Multiemployer Plan. The Unfunded Benefit Liabilities of such Obligor under each Plan individually, and under all of the Plans in the aggregate, do not exceed U.S.\$10,000,000.

SECTION 6.12. Use of Proceeds. The proceeds of the Loans shall be used for the purposes set forth in the fifth recital. Neither the Agent nor the Lenders shall be responsible for the application by any Borrower of the proceeds of the Loans.

SECTION 6.13. Accuracy of Representations and Warranties. The representations and warranties of each Obligor contained in each other document delivered in connection with this Agreement are, or when such document is delivered will be, true and correct when made or at the time it speaks.

SECTION 6.14. Employee Benefit Plans. Each employee benefit plan as to which each Obligor or any Subsidiary may have any liability complies in all material respects with all applicable requirements of law and regulations and (a) no Reportable Event (as defined in ERISA) has occurred with respect to any such plan, (b) such Obligor has not nor has any Subsidiary, withdrawn from any such plan or initiated steps to do so and (c) no steps have been taken to terminate any such plan.

SECTION 6.15. Taxes on the Equipment. All Taxes payable upon the purchase by each Borrower of the Equipment then purported to be subject to the Lien established pursuant to this Agreement will have been paid or such transactions will then be exempt from any such Taxes. No Taxes, fees or other charges are payable in connection with the execution and delivery of the Loan Documents or the issuance of the Notes.

SECTION 6.16. Title to Equipment. The Borrowers shall have good and marketable legal and beneficial title to the Units listed on Schedule I and at such time financed hereunder with respect thereto and then purported to be subject to the Lien established pursuant to this Agreement, free and clear of all Liens except Permitted Liens of the type described in clauses (a)

and (c) (with respect to taxes, assessments or other charges not yet due and payable) of the definition thereof.

SECTION 6.17. Compliance of the Equipment. The Equipment and the current operation thereof do not violate any law or regulation, or any order of any court or Governmental Authority applicable to, or binding on, the Equipment, including, without limitation, any thereof relating to matters of occupational safety and health or the environment, other than violations that would not, individually or in the aggregate, (i) have a material adverse effect on the properties, business or condition (financial or otherwise) of the Obligors or their ability to perform their respective obligations under the Loan Documents or prevent or interfere with the continued economic operation of the Equipment or (ii) impose any penalty on, or result in the imposition of any criminal liability on, any Indemnified Person or result in the imposition of any criminal liability on the Obligors.

SECTION 6.18. Equipment Complete. (i) Each Unit and each major component thereof, is substantially complete such that it is ready and available to perform the function for which it was designed; (ii) all approvals of any court or Governmental Authority necessary for the commercial operation of each Unit of the Equipment have been received and are in full force and effect; (iii) each Unit of the Equipment has been maintained, serviced and repaired in a manner consistent with prudent industry practice and in compliance in all material respects with (A) applicable laws, rules, regulations and orders of any court or Governmental Authority, (B) all requirements for maintaining the Borrower's insurance (it being understood and agreed that any requirement which the failure to meet would result in the loss of insurance coverage is material) and (C) all requirements of manufacturers of the Equipment for maintaining in full force and effect any warranties of such manufacturers with respect to such Equipment; and (iv) there is no present event or condition of which the Borrower has knowledge that is directed, addressed or relates specifically to any Unit of the Equipment and that would adversely affect the capability of such Unit to operate as rail car equipment or impair the fair market value, utility or remaining economic useful life of such Unit from that determined in the Appraisal.

SECTION 6.19. Insurance on Equipment. On or before the Closing Date, the Equipment will be covered by the insurance required by Section 8.10 and all premiums due prior to the Closing Date in respect of such insurance have been paid in full.

SECTION 6.20. Security Filings. Assuming the due authorization, execution and delivery of this Agreement by each of the parties thereto, this Agreement will create the security interest in Collateral it purports to create, which security

interest will, upon the completion of the filings contemplated by Section 5.1.6, constitute a first priority perfected interest therein in those jurisdictions in which filings will have been made on or prior to the Closing Date in accordance with Sections 5.1.6 and 8.8 and, except as otherwise expressly contemplated by Section 10.1 or by the other Loan Documents all filings and other actions necessary to perfect the security interest of the Lenders under this Agreement in the Collateral as against creditors of purchasers from the Obligors will have been made on or prior to the Closing Date, subject to any Permitted Liens.

SECTION 6.21. Control. At the Closing Date, Mr. Y.C. Wang and Formosa Plastics Corporation, a Taiwan corporation (the "Controlling Shareholders"), control at least 60%, of the outstanding shares of Common Stock of the Guarantor and the Guarantor shall own 100% of the outstanding shares of Common Stock of each Borrower.

ARTICLE VII

COVENANTS

SECTION 7.1. Affirmative Covenants. Each Borrower and the Guarantor agree with the Agent and each Lender that, until the Commitment has terminated and all Obligations have been paid and performed in full, such Borrower or Guarantor, as applicable, will perform the obligations set forth in this Section 7.1.

SECTION 7.1.1. Rights and Privileges. Each Obligor shall and shall cause each of its Subsidiaries to: (a) preserve and maintain its corporate existence and all of its rights, privileges and franchises necessary in the conduct of its business; (b) keep all of its properties used or useful in its business in good working order and condition and from time to time make all needed repairs, renewals or replacements thereto or thereof; (c) conduct its business in an orderly, efficient and regular manner and keep adequate records and books of account; (d) maintain insurance on all of its properties and assets and insurance against operational risks and liabilities with such coverage and in such amounts as are customary for businesses of a like nature similarly situated in the United States; (e) comply with the requirements of all applicable laws, rules, regulations and orders of any governmental agency or authority having jurisdiction if the failure to so comply would, in the reasonable opinion of the Required Lenders, materially and adversely affect the ability of such Obligor to perform its obligations under this Agreement or any other Loan Document to which it is a party; and (f) obtain, renew and comply with all the terms and conditions of all consents, licenses, approvals and authorizations as may be necessary under any applicable law or regulation for the

execution, delivery and performance of this Agreement, the Notes and each other Loan Document and to make this Agreement and such other agreements, instruments or documents legal, valid and binding on such Obligor.

SECTION 7.1.2. Obligations and Taxes. Each Obligor shall and shall cause each of its Subsidiaries to pay all of its indebtedness and obligations promptly and in accordance with their terms and pay and discharge promptly all taxes, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall be in default, as well as all lawful claims for labor, materials and supplies or otherwise which, if unpaid, might become a Lien upon such properties or any part thereof; provided, however, that it shall not be required to pay and discharge or to cause to be paid and discharged any such indebtedness, obligation, tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and either (a) such proceedings have the effect of staying the requirement of such payment or discharge and generally accepted accounting principles do not require it to set aside on its books any reserve with respect thereto or (b) it shall set aside on its books such reserves as are required by generally accepted accounting principles with respect to any such indebtedness, obligation, tax, assessments, charge, levy or claim so contested.

SECTION 7.1.3. Financial Statements, Reports. The Guarantor shall furnish to the Agent with sufficient copies for each of the Lenders:

(a) as soon as available and in any event within 180 days after the end of each fiscal year of the Guarantor, the annual consolidated financial statements of the Guarantor and its Subsidiaries consisting of a balance sheet as at the last day of such fiscal year and the related statements of income and reconciliation of capital accounts and statement of sources and uses of funds for the year then ended, such financial statements to be reported on by a firm of independent public accountants acceptable to the Agent;

(b) as soon as available and in any event within 90 days after the end of each of the first three fiscal quarters of each fiscal year of the Guarantor, unaudited, consolidated financial statements of the Guarantor and its Subsidiaries consisting of a balance sheet as at the last day of such quarter and the related statements of income for the portion of the fiscal year then ended, certified by an Authorized Officer of the Guarantor as presenting fairly the consolidated financial position of the Guarantor and its Subsidiaries at the date thereof and results of its

operations for the portion of the fiscal year then ended and as having been prepared in accordance with generally accepted accounting principles consistently applied (subject to normal year-end audit adjustments);

(c) concurrently with (a) and (b) above, certificates of an Authorized Officer of the Guarantor certifying that no Event of Default, nor any Default, has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto; and

(d) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of each Obligor as the Agent or any Lender may reasonably request.

SECTION 7.1.4. Litigation and Other Notices. Each Obligor shall and shall cause each of its Subsidiaries to give the Agent prompt written notice of the following of which such Obligor has actual knowledge:

(a) the occurrence, nature and extent of any Event of Default or Default;

(b) any event of default or any event that would become an event of default upon notice or lapse of time or both under any of the terms or provisions of any note or any other evidence of indebtedness or agreement or contract governing the incurrence of indebtedness by such Obligor and its Subsidiaries, if such note or indebtedness evidences or involves monetary obligations in an aggregate amount in excess of \$5,000,000 or the equivalent thereof in a foreign currency;

(c) the filing or commencement of any action, suit or proceeding by or before any court or any federal, state, municipal, foreign or other governmental department, commission, instrumentality or agency which, if determined adversely to it, would materially adversely affect the ability of such Obligor to meet its obligations under this Agreement, the Notes, any other Loan Document, or any other agreement, instrument or document executed and delivered by such Obligor in connection with this Agreement; and

(d) any matter (other than those specified above) which has resulted in, or which might reasonably be expected to result in, a materially adverse change in the ability of such Obligor to meet its obligations under this Agreement, the Notes, any other Loan Document, or any other agreement,

instrument or document executed and delivered by such Obligor in connection with this Agreement.

SECTION 7.1.5. Financial Covenants. With respect to the Guarantor, (a) the ratio of Consolidated Current Assets to Consolidated Current Liabilities from the date hereof through the Stated Maturity Date shall be not less than 1:1.

(b) Consolidated Tangible Net Worth from the date hereof through the Stated Maturity Date shall be not less than \$700,000,000.

(c) The ratio of total Indebtedness to Consolidated Tangible Net Worth shall not exceed 3.0:1 from the date hereof through the Stated Maturity Date. For the purpose of this calculation, "Indebtedness" shall be defined as the Guarantor's total consolidated amount of liabilities, excluding the amount of contingent liability.

SECTION 7.1.6. Further Assurances. As from time to time specified by the Agent, at the cost and expense of the Borrowers, the Borrowers or the Guarantor, as applicable, shall execute and deliver to the Agent all such documents and instruments and do all such other acts and things as may be reasonably required to enable the Agent and the Lenders to exercise and enforce their rights under and in respect of this Agreement and each other Loan Document and to realize thereon, and record and file and re-record and re-file all such documents and instruments, at such time or times, in such manner and at such place or places, all as may be necessary to validate, preserve and protect the rights and remedies of the Agent and the Lenders under this Agreement and each other Loan Document. The Agent shall be entitled to receive at its request, upon any extension of the Stated Maturity Date, an opinion or opinions of counsel selected by the Borrowers or the Guarantor, as applicable, and approved by the Agent, which approval shall not be unreasonably withheld, with respect to action required to be taken for the protection of the rights of the Agent and the Lenders hereunder.

SECTION 7.1.7. Asset Sales Proceeds. Each Obligor shall use all proceeds from such transactions as are not prohibited by Section 7.2.8 hereof for operational purposes only and not for the payment of dividends.

SECTION 7.1.8. Compliance with ERISA. Each Obligor shall and shall cause each of its Subsidiaries to fulfill its obligations under the minimum funding standards of ERISA and the Code with respect to each Plan and will remain in compliance in all material respects with applicable provisions of ERISA and the Code and will not incur any liability to the Pension Benefit Guaranty Corporation or a Plan under Title IV of ERISA.

SECTION 7.1.9. Computation of Financial Tests. The Guarantor will furnish to the Agent concurrently with the delivery of each of the financial statements required by Section 7.1.3, a statement prepared and certified by the chief financial officer of the Guarantor (or in such officer's absence, a responsible senior officer), setting forth all computations necessary to show compliance with the covenants contained in Sections 7.1.5 of this Agreement, as of the date of such financial statements.

SECTION 7.1.10. Insurance. Each Obligor will, and will cause each of its Subsidiaries to, maintain insurance coverage on its physical assets and against other business risks in such amounts and of such types as are customarily carried by companies similar in size and nature, and in the event of acquisition of additional property, real or personal, or of incurrence of additional risks of any nature, increase such insurance coverage in such manner and to such extent as prudent business judgment and present practice would dictate.

SECTION 7.1.11. ERISA Notices. Each Obligor will, and will cause each of its Subsidiaries to, promptly notify the Agent upon the occurrence thereof any of the following events:

(a) the termination of any Plan pursuant to Subtitle C of Title IV of ERISA or otherwise;

(b) the appointment of a trustee by a United States District Court to administer any Plan;

(c) the commencement by the Pension Benefit Guaranty Corporation, or any successor thereto, of any proceeding to terminate any Plan;

(d) the failure of any Plan to satisfy the minimum funding requirements for any plan year as established in the Internal Revenue Code of 1986, as amended;

(e) the withdrawal of such Obligor or any of its Subsidiaries from any Plan; or

(f) a "reportable event", within the meaning of Title IV of ERISA.

SECTION 7.2. Negative Covenants. Each Borrower and the Guarantor agree with the Agent that, until the Commitment has terminated and all Obligations have been paid and performed in full, each Borrower and the Guarantor will perform the obligations set forth in this Section 7.2.

SECTION 7.2.1. Conflicting Agreements. The Obligors shall not enter into any agreement containing any provision which would be violated or breached by the performance by the Obligors of their respective obligations under this Agreement or under any instrument or document delivered or to be delivered by it hereunder or thereunder or in connection herewith or therewith.

SECTION 7.2.2. Liens. The Obligors shall not, and shall not suffer or permit any of their respective Subsidiaries to, directly or indirectly, incur, create, assume or permit to exist any Lien of any nature whatsoever on any of its property, assets or revenues whether owned at the date hereof or hereafter acquired, except:

(a) Liens or encumbrances incurred or pledges and deposits made in respect of employees' wages, workers' compensation, social security and public liability laws and similar legislation;

(b) Liens imposed by law, such as carriers', warehousemen's or mechanics' liens incurred in good faith in the ordinary course of business with respect to obligations which are not due or which are being contested in good faith by appropriate proceedings, if it shall have set aside on its books adequate reserves with respect thereto;

(c) Liens securing the payment of taxes, assessments and similar governmental charges or levies, either (i) not delinquent or (ii) the validity of which is being contested in good faith by appropriate proceedings and with respect to which it shall have set aside on its books adequate reserves;

(d) Liens existing on the date hereof and disclosed in the financial statements referred to in Section 7.1.3 hereof or otherwise disclosed in writing to the Agent, as set forth on Item 7.2.2 of the Disclosure Schedule, prior to the execution of this Agreement; provided, however, that there shall be no renewals of such Liens or extensions of such Liens to property, assets or revenues other than property, assets or revenues now subject to such Liens or to secure amounts of indebtedness greater than such amounts as exist on the date hereof;

(e) security interests and purchase money mortgages securing the purchase price of, or indebtedness incurred to supply the purchase price of, property or assets acquired by it after the date hereof; provided, however, that (a) any such security interest or mortgage shall be limited to the property or assets acquired and shall secure indebtedness not in excess of the purchase price or fair market value of

such property or assets, whichever is less, and (b) any such security interest or mortgage shall exist on such property or assets or be created, and the indebtedness secured thereby shall be incurred, in relation to the acquisition of such property or assets or substantially contemporaneously therewith; and

(f) Permitted Liens.

SECTION 7.2.3. Merger and Disposition of Assets; Change in Nature of Business. The Obligors shall not, and shall not suffer or permit any of their respective Subsidiaries to: (a) sell, transfer, assign or otherwise dispose of any accounts receivable, except accounts receivable discounted in the ordinary course of business at normal commercial rates for current cash payment; or (b) consolidate or merge with or into any other Person or purchase, sell, lease, transfer or otherwise dispose of all or substantially all of its property.

SECTION 7.2.4. Dividends. The Guarantor shall not declare or pay any dividend to any Person holding shares of the Guarantor.

SECTION 7.2.5. Corporate Changes. The Obligors shall not permit or make any material change in their respective legal or beneficial ownership or in the legal or beneficial ownership of any of their respective Subsidiaries, the result of which is that the applicable Obligor ceases to own directly or indirectly, legally and beneficially, more than 50% of the capitalization of such Subsidiary.

SECTION 7.2.6. Borrowings of Subsidiaries. The Obligors shall not suffer or permit any of their respective Subsidiaries to incur Indebtedness in the form of borrowings from banks and other financial institutions, which consolidated Indebtedness of their respective Subsidiaries in the aggregate exceeds \$860,000,000 at any one time outstanding.

SECTION 7.2.7. Transactions with Affiliates. The Obligors will not, and will not permit their respective Subsidiaries to, enter into any transaction with any of their stockholders or offices or their Affiliates, except in the ordinary course of business and on terms not less favorable than would be usual and customary in similar transactions between Persons dealing at arm's length.

SECTION 7.2.8. Location of Equipment. The Obligors will not permit, and will not allow their respective Subsidiaries to permit, more than 10% of the Equipment to be located outside the United States of America.

ARTICLE VIII

THE EQUIPMENT

SECTION 8.1. Title. The Borrowers shall at all times have good and marketable title to the Equipment listed on Schedule I with respect thereto, free and clear of all Liens except Permitted Liens of the type described in clauses (a) and (c) (with respect to taxes, assessments or other charges not yet due and payable) of the definition thereof.

SECTION 8.2. Duty to Number and Mark Equipment. Each Borrower shall have caused, (i) with respect to Existing Equipment, on or before the first anniversary of the Closing Date, and (ii) with respect to the New Equipment, on or before delivery of the New Equipment, each Unit to be numbered with its reporting marks, and will from and after such date keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting colors upon each side of each Unit, in letters not less than one inch in height, a legend substantially as follows:

"OWNERSHIP SUBJECT TO A LOAN AND SECURITY AGREEMENT
FILED WITH THE SURFACE TRANSPORTATION BOARD"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lenders' rights. Except as provided hereinabove, the Borrowers will not place any such Units in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof, and will replace promptly any such word or words in such legend which may be removed, defaced, obliterated or destroyed. The Borrowers will not change the reporting mark of any Unit except in accordance with a statement of new reporting marks to be substituted therefor, which statement shall be delivered to the Agent by the Borrowers prior to such change and a supplement to this Agreement with respect to such new reporting marks shall be filed or recorded in all public offices where this Agreement shall have been filed or recorded and in such other places, if any, where the Agent may reasonably request in order to protect, preserve and maintain the rights of the Agent and each Lender. The costs and expenses of all such supplements, filings and recordings shall be borne by the Borrowers.

SECTION 8.3. Prohibition Against Certain Designations. Except as above provided, no Borrower will allow the name of any Person to be placed on any Unit as a designation that might reasonably be interpreted as a claim of ownership; provided, however, that subject to the delivery of the statement specified

in the penultimate sentence of Section 8.2, each Borrower may cause the Equipment to be lettered with the names or initials or other insignia customarily used by such Borrower on railroad equipment used by it of the same or a similar type for convenience of identification of the right of such Borrower to use the Equipment hereunder.

SECTION 8.4. Liens. No Borrower will directly or indirectly create, incur, assume, permit or suffer to exist any Lien on or with respect to any Units except Permitted Liens of the type described in clauses (a) and (e) of the definition of "Permitted Liens" (with respect to taxes, assessments or other charges not yet due and payable), and (f) of the definition thereof and the Borrowers shall promptly, at their own expense, take such action or cause such action to be taken as may be necessary to duly discharge (by bonding or otherwise) any such Lien not excepted above if the same shall arise at any time.

SECTION 8.5. Maintenance and Operation; Possession.

SECTION 8.5.1. Maintenance and Operation. Each Borrower, at its own cost and expense, shall maintain, repair and keep each Unit, and shall operate each Unit (i) in good operating order, condition and repair, ordinary wear and tear excepted, and in a manner comparable to maintenance practices used by such Borrower in respect of equipment owned or leased by such Borrower similar in type to such Unit and in accordance with prudent industry practice, (ii) in accordance with all manufacturer's warranties and in accordance with all insurance policies required to be maintained pursuant to Section 8.10, if applicable, (iii) in compliance with all applicable laws, rules and regulations, including the United States Department of Transportation ("DOT"), the STB, the Federal Railroad Administration and the Interchange Rules and (iv) without limiting the foregoing, shall cause all safety equipment to be repaired and maintained in accordance with the recommendations of the appraisal required by Section 5.1.10; provided, however, that any Borrower may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such law, rule or regulation in any reasonable manner which does not materially interfere with the use, possession, operation or return of any of the Units or materially adversely affect the rights or interests of the Agent or each Lender hereunder or otherwise expose the Agent or each Lender to criminal sanctions. Each Borrower shall provide the Agent with notice of any contest of the type described in the preceding sentence in detail sufficient to enable the Agent to ascertain whether such contest may have an effect of the type described in the proviso to the preceding sentence. In no event shall any Borrower discriminate as to the use or maintenance of any Unit (including the periodicity of maintenance or record keeping in respect of such Unit) as compared to equipment of a

similar nature which such Borrower owns or leases. Each Borrower will maintain all records, logs and other materials required by relevant industry standards or any Governmental Authority having jurisdiction over the Units required to be maintained in respect of any Unit, regardless of whether any such requirements, by their terms, are nominally imposed on such Borrower, the Agent or any Lender. No Borrower shall change the DOT classification of any Unit without obtaining the prior consent of the Agent, which consent shall not be unreasonably withheld.

SECTION 8.5.2. Possession. Each Borrower shall be entitled to the possession of the Equipment and to the use of the Equipment by it or any Affiliate, in the United States only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. In no event shall any Borrower make use of any Equipment in any jurisdiction not included in the insurance coverage required by Section 8.10. In no event shall more than 10% of the Units in the aggregate be assigned to service outside the continental United States at the same time. Nothing in this Section 8.5.2 shall be deemed to constitute permission by the Agent or any Lender to any Person that acquires possession of any Unit to take any action inconsistent with the terms and provisions of this Agreement and any of the other Loan Documents. The rights of any Person that acquires possession of any Unit pursuant to this Section 8.5.2 shall be subject and subordinate to the rights of the Agent and each Lender hereunder.

SECTION 8.6. Modifications.

SECTION 8.6.1. Required Modifications. In the event the Association of American Railroads, the United States Department of Transportation, or any other United States, state or local Governmental Agency requires that any Unit be modified, altered or improved (a "Required Modification"), each Borrower agrees to make such Required Modification at its own expense; provided, however, that each Borrower may, in good faith and by appropriate proceedings diligently conducted, contest the validity or application of any such requirement in any reasonable manner which does not materially interfere with the use, possession, operation or return of any Unit or materially adversely affect the rights or interests of the Agent or any Lender in the Equipment or hereunder or otherwise expose the Agent or any Lender to criminal sanctions or relieve any Borrower of the obligation to deliver the Equipment in compliance with the provisions of Article X. Notwithstanding anything herein to the contrary, if any Borrower determines in good faith that any Required Modification to a Unit would be economically impractical, it shall provide written notice of such determination to the Agent and the parties hereto shall treat such Unit as if an Event of Loss (as hereinafter defined) had

occurred as of the date of such written notice with respect to such Unit and the provisions of Sections 8.7 and 8.8 shall apply with respect to such Unit. The Borrowers shall cause the first priority Lien purported to be created pursuant to Article X to extend to each Modification for the benefit of the Agent and each Lender.

SECTION 8.6.2. Optional Modifications. Any Borrower at any time may modify, substitute, alter or improve any Unit (an "Optional Modification"; and each of an Optional Modification and a Required Modification is a "Modification"); provided, that no Modification shall materially diminish the fair market value, utility, value, condition, appearance or remaining economic useful life of such Unit below the value, utility, or remaining economic useful life thereof immediately prior to such Modification, assuming such Unit was then in the condition required to be maintained by the terms of this Agreement. The Borrowers shall cause the first priority Lien purported to be created pursuant to Article X to extend to each Modification (including all non-severable parts incorporated or installed in the Equipment) for the benefit of the Agent and the Lenders.

SECTION 8.7. Loss, Destruction, Requisition, etc.

SECTION 8.7.1. Event of Loss. In the event that any Unit (i) shall suffer damage or destruction resulting in an insurance settlement on the basis of an actual, constructive or compromised total loss; (ii) shall suffer loss of use for 60 days due to destruction or damage beyond repair; (iii) shall suffer damage or contamination which, in any Borrower's reasonable judgment (as evidenced by a certificate of an Authorized Officer (or in such officer's absence, a responsible senior officer) to such effect), makes repair uneconomic or renders such Unit unfit for commercial use; (iv) shall, in any Borrower's reasonable judgement (as evidenced by such an officer's certificate to such effect), be deemed worn out from any cause whatsoever; (v) shall suffer theft or disappearance for a period in excess of 120 days; (vi) shall be permanently returned to the manufacturer pursuant to any patent indemnity provisions; (vii) shall have title thereto taken or appropriated by any Governmental Authority under the power of eminent domain or otherwise; or (viii) shall be taken or requisitioned for use by any Governmental Authority or any agency or instrumentality thereof under the power of eminent domain or otherwise, and such taking or requisition is for a period that exceeds (x) 180 days in the case such taking or requisition is by a Governmental Authority other than the government of the United States or (y) the remaining period until the Stated Final Maturity Date then in effect in the case such taking or requisition is by the government of the United States (any such occurrence being hereinafter called an "Event of Loss"), the

Borrower, in accordance with the terms of Section 8.7.2, shall promptly and fully inform the Agent of such Event of Loss.

SECTION 8.7.2. Payment upon Event of Loss. Upon the occurrence of an Event of Loss with respect to any Unit, the applicable Borrower shall within 30 days after a Authorized Officer of such Borrower (or in such officer's absence, a responsible senior officer) shall have actual knowledge of such occurrence or deemed occurrence give the Agent notice of such occurrence as promptly as practicable. Then the Borrowers shall repay on the next succeeding Interest Payment Date that is at least 20 days after the end of such period to the Agent on behalf of the Lenders an amount equal to the Loss Value with respect to such Unit.

SECTION 8.8. Release of Equipment. So long as no Event of Default shall have occurred and be continuing, upon the payment of all sums required to be paid pursuant to Section 8.7.2 in respect of any Unit or Units, the Agent will release all security interests of the Agent and each Lender in and to such Unit or Units, without recourse or warranty. As to each separate Unit so disposed of, so long as no Event of Default shall have occurred and be continuing, the applicable Borrower or its designee shall be entitled to any amounts arising from such disposition, plus any awards, insurance or other proceeds and damages received by such Borrower or the Agent or any Lender by reason of such Event of Loss after having paid the full amount described in Section 8.7.2 attributable thereto.

SECTION 8.9. Eminent Domain. In the event that during the duration of this Agreement the use of any Unit is requisitioned or taken by any Governmental Authority under the power of eminent domain or otherwise for a period which does not constitute an Event of Loss, each Borrower's obligation to pay all amounts hereunder and under the Notes shall continue for the duration of such requisitioning or taking. So long as no Default has occurred and is continuing, each Borrower shall be entitled to receive and retain for its own account all sums payable for any such period by such Governmental Authority as compensation for requisition or taking of possession.

SECTION 8.10. Insurance.

SECTION 8.10.1. Property Damage and Public Liability Insurance. (a) Each Borrower will, at all times prior to the satisfaction of all obligations hereunder and under all other Loan Documents, at its own expense, cause to be carried and maintained with reputable insurance companies, reasonably satisfactory to the Agent, (i) to the extent that it does so in respect of equipment owned or leased by it similar in type to the Equipment, physical damage insurance in respect of all Units at

the time subject hereto and (ii) public liability insurance with respect to third-party personal injury and property damage, and each Borrower will continue to carry such insurance in such amounts and for such risks and with such insurance companies and subject to such deductibles not less comprehensive in amounts and against risks customarily insured against by such Borrower in respect of equipment owned or leased by it similar in type to the Equipment and consistent with prudent industry standards. Without limiting the foregoing, each Borrower will in any event maintain public liability insurance against bodily injury, death or property damage arising out of the use or operation of the Equipment with general liability limits of not less than \$25,000,000 per occurrence or in the aggregate; provided, that such coverage may provide for deductible amounts not exceeding \$5,000,000. Any policies of insurance carried in accordance with this Section 8.10.1 and any policies taken out in substitution or replacement for any of such policies (A) shall provide that, if any such insurance is canceled or terminated (other than upon normal policy expiration) for any reason whatever, the Agent shall receive 30 days' prior notice of such cancellation or termination, (B) shall name the Agent on behalf of the Lenders as an additional insured as interests may appear, (C) as to the public liability insurance referred to in paragraph 8.10.1(a)(ii), shall provide that in as much as such policies cover more than one insured, all terms, conditions, insuring agreements and endorsements, with the exceptions of limits of liability and liability for premiums, commissions, assessments or calls (which shall be solely a liability of the Borrowers), shall operate in the same manner as if there were a separate policy or policies covering each insured, (D) shall waive any rights of subrogation of the insurers against the Agent and the Lenders, (E) shall provide that the Agent and each Lender shall have no responsibility for any insurance premiums, whether for coverage before or after cancellation or termination of any such policies as to the Borrowers and (F) shall provide that such insurance as to the interest of the Agent and the Lenders shall not be invalidated by any change in the title or ownership of the Equipment or any interest therein or with respect thereto. Each Borrower shall cause the property insurance on the Equipment to provide that, so long as the Notes shall remain outstanding or any Obligations remain outstanding, the proceeds up to the amount of the value, for any loss or damage to any Unit, if any, shall be payable to the Agent on behalf of the Lenders under a standard mortgagee clause and thereafter to the Borrowers. Each Borrower shall, at its own expense, be entitled (so long as no Event of Default shall have occurred and be continuing) to make all proofs of loss and take all other steps necessary to collect the proceeds of such insurance.

In the event any public liability insurance policy or coverage thereunder which are required to be maintained under

Section 8.10.1(a) shall not be available to any Borrower in the commercial insurance market on commercially reasonable terms, the Agent and the Required Lenders shall not unreasonably withhold its agreement to revise its requirements or waive such requirement to the extent the maintenance thereof is not so available upon application therefor as set forth herein. Each Borrower shall make written request for any such waiver in writing, accompanied by written reports prepared, at such Borrower's option, either by one or more independent insurance advisors chosen by such Borrower and the Agent describing the state of the relevant insurance market. The fees and expenses of all such advisors shall be paid by the Borrowers. At any time after the granting of such waiver, but not more often than twice a year, the Agent may make a written request for a supplemental report (in form reasonably acceptable to the applicable Borrower) from such insurance advisor(s) updating the prior report and reaffirming the conclusions set forth therein, at the cost and expense of the Borrowers. Each Borrower shall provide any such required supplemental report within 30 days after receipt of the written request therefor. Any such waiver shall be effective for only as long as such insurance is not reasonably available to such Borrower in the commercial market at commercially reasonable rates, it being understood that the failure of such Borrower to furnish timely any such supplemental report shall be conclusive evidence that such condition no longer exists. If such supplemental report shows that such coverage is available, such Borrower shall within 45 days of such report obtain such insurance coverage.

(b) Certificate of Insurance. Each Borrower shall, prior to the Closing Date and when the renewal certificate referred to below is sent (but in any event not less than annually on the anniversary of the Closing Date), furnish the Agent with a certificate signed by the insurer or an independent insurance broker showing the insurance then maintained by such Borrower pursuant to this Section 8.10.1 and that all premiums due thereon have been paid, or other evidence of maintenance of the insurance required hereunder satisfactory to the Agent and the Required Lenders, and, with respect to any renewal policy or policies, shall furnish telephonic notice to the Agent within 24 hours of such renewal and furnish certificates or binders evidencing such renewal as soon as practicable, but in no event later than 30 days after the earlier of the date such renewal is effected or the expiration date of the original policy or policies.

(c) It is understood and agreed that the insurance required hereunder may be part of a company-wide insurance program, including risk retention and deductibles.

SECTION 8.10.2. Proceeds of Insurance. The entire proceeds of any property insurance or third-party payments for damages or

for an Event of Loss to any Unit shall be paid to the Agent and applied as follows: (a) so long as no Default or Event of Default shall have occurred and be continuing, either: (i) to the Borrowers promptly following receipt by the Agent of proof satisfactory to the Agent that any damage to such Units shall have been fully repaired or restored; or (ii) if this Agreement is terminated with respect to such Unit because of an Event of Loss and the Borrowers have paid the full amount described in Section 8.7.2 due as a result thereof, such proceeds shall be promptly paid over to, or retained by, the Borrowers or (b) any amount which is not payable to any Borrower pursuant to clause (a) shall be applied on the next Interest Payment Date to the prepayment of the Loans in accordance with Section 3.1.

SECTION 8.10.3. Additional Insurance. In the event that any Borrower shall fail to maintain insurance as herein provided, the Agent may at the option of the Required Lenders, upon prior written notice to such Borrower, provide such insurance and, in such event, the Borrowers shall, upon demand from time to time, reimburse the Agent on behalf of the Lenders for the cost thereof together with interest from the date of payment thereof at the rate specified in Section 3.2.2, on the amount of the cost to the Agent of such insurance which such Borrowers shall have failed to maintain. If after the Agent has provided such insurance, such Borrower then obtains the coverage provided for in Section 8.10.1(a) which was replaced by the insurance provided by the Agent and such Borrower provides the Agent with evidence of such coverage reasonably satisfactory to the Agent, upon such Borrower's written request to the Agent, the Agent shall cancel the insurance it has provided pursuant to the first sentence of this Section 8.10.3. In such event, the Borrowers shall reimburse the Agent on behalf of the Lenders for all costs to the Agent and the Lenders of cancellation, including without limitation any short rate penalty, together with interest from the date of the Agent's payment thereof at the rate specified in Section 3.2.2. In addition, at any time the Agent on behalf of the Lenders may at its own expense carry insurance with respect to its interest in the Units; provided, that such insurance does not interfere with any Borrower's ability to insure the Equipment as required by this Section 8.10 or adversely affect any Borrower's insurance or the cost thereof, it being understood that all salvage rights to each Unit shall remain with the Borrowers' insurers at all times. Any insurance payments received from policies maintained by the Agent on behalf of the Lenders pursuant to the previous sentence shall be retained by the Agent on behalf of the Lenders without reducing or otherwise affecting any Borrower's obligations hereunder.

SECTION 8.11. Reports; Inspection.

SECTION 8.11.1. Duty of the Borrower to Furnish. On or before June 23, 1997, and on each June 30, 1997, thereafter, each Borrower will furnish to the Agent an accurate statement (substantially in the form of Exhibit G hereto), as of the preceding December 31, (a) showing the amount, description and reporting marks of the Units subject hereto, the amount, description and reporting marks of all Units that may have suffered an Event of Loss during the 12 months ending on such December 31 (or since the Closing Date, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Agent may reasonably request, (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 8.2 hereof shall have been preserved or replaced, and (c) showing the percentage on a state-by-state basis, as well as percentage of use outside the United States of America, of the total mileage traveled by the Equipment for the prior calendar year as reported to such Borrower by railroads. Each Borrower will provide the Agent with prompt notice, but in any event within 30 days of (i) any legal proceeding relating to any Unit, alleging that such Borrower is liable for an amount in excess of \$500,000 or that the Agent or any Lender is liable for any amount, (ii) actual knowledge of or receipt of written notice alleging that any Unit violates any environmental law where the cost of placing such Unit into compliance is likely to exceed \$500,000 or (iii) actual knowledge of or receipt of written notice of any incident involving any Unit alleging personal injury or property damage (including damage to the environment) including costs of remediation, in excess of \$500,000.

SECTION 8.11.2. Inspection Rights. The Agent shall have the right, but not the obligation, at its respective sole cost, expense and risk, including, without limitation, the risk of personal injury or death (except that if an Event of Default shall have occurred and be continuing such inspection shall be at the cost, expense and risk of the Borrowers), by their respective authorized representatives to inspect the Equipment and each Borrower's records with respect thereto, and if an Event of Default shall have occurred and be continuing, or if any Borrower has provided a notice that it will be delivering any Unit to the Agent pursuant to Article X, in any case during each Borrower's normal business hours, subject to such Borrower's standard security and safety rules and procedures and, unless a Event of Default shall have occurred and be continuing, upon reasonable prior notice to such Borrower. No inspection pursuant to this Section 8.11.2 shall interfere with the use, operation or maintenance of the Equipment or the normal conduct of any Borrower's business.

ARTICLE IX

EVENTS OF DEFAULT

SECTION 9.1. Listing of Events of Default. Each of the following events or occurrences described in this Section 9.1 shall constitute an "Event of Default".

SECTION 9.1.1. Non-Payment of Obligations. Any Borrower shall default in the payment or prepayment when due of any principal of or interest on any Loan, or any Borrower shall default (and such default shall continue unremedied for a period of five days) in the payment when due of any commitment fee or of any other Obligation.

SECTION 9.1.2. Breach of Warranty. Any representation or warranty of any Borrower or any other Obligor made or deemed to be made hereunder or in any other Loan Document executed by it or any other writing or certificate furnished by or on behalf of any Borrower or any other Obligor to the Agent and each Lender for the purposes of or in connection with this Agreement or any such other Loan Document (including any certificates and financial statements delivered pursuant to Article V) is or shall be incorrect when made in any material respect.

SECTION 9.1.3. Non-Performance of Certain Covenants and Obligations. Any Borrower shall default in the due performance and observance of (a) any of its obligations under Section 8.1 or Section 8.10 hereof or (b) any of its obligations or covenants set forth in the Lease.

SECTION 9.1.4. Non-Performance of Other Covenants and Obligations. Any Obligor shall default in the due performance and observance of any other agreement contained herein or in any other Loan Document executed by it, and such default shall continue unremedied for a period of 30 days.

SECTION 9.1.5. Default on Other Indebtedness. A Default shall occur in the payment when due (subject to any applicable grace period), whether by acceleration, redemption or otherwise, of any indebtedness (other than indebtedness under this Agreement) for borrowed money of any Borrower or any Subsidiary in excess of \$5,000,000 or a default shall occur in the performance or observance of any obligation or condition with respect to such Indebtedness if the effect of such default is to accelerate the maturity of any such Indebtedness or such default shall continue unremedied for any applicable period of time sufficient to permit the holder or holders of such Indebtedness, or any trustee or agent for such holders, to cause such Indebtedness to become due and payable prior to its expressed maturity.

SECTION 9.1.6. Certain Judgments and Orders. A judgment or order shall be rendered against any Borrower or any Subsidiary for the payment of money in excess of \$7,500,000 and such judgment or order shall continue unsatisfied or unstayed for a period of 60 consecutive days.

SECTION 9.1.7. Pension Plans. With respect to any employee benefit plan as to which any Borrower or any Subsidiary may have any liability, there shall exist for 30 or more consecutive days a deficiency in excess of minimum funding standards as contained in the Internal Revenue Code in plan assets available to satisfy the benefits guaranteed under ERISA with respect to such plan, or any Reportable Event (as defined in ERISA) with respect to such plan shall occur and be subsisting for 30 or more consecutive days. Any of the following events shall occur with respect to any Plan

(a) the institution of any steps by any Borrower or any member of its Controlled Group or any other Person to terminate a Plan if, as a result of such termination, such Borrower or any such member could be required to make a contribution to such Plan, or could reasonably expect to incur a liability or obligation to such Plan, in excess of \$5,000,000; or

(b) a contribution failure occurs with respect to any Plan sufficient to give rise to a Lien under Section 302(f) of ERISA.

SECTION 9.1.8. Control of the Borrowers. Any Change in Control shall occur.

SECTION 9.1.9. Bankruptcy, Insolvency, etc. Any Borrower or any of their respective Subsidiaries or any other Obligor shall

(a) become insolvent or generally fail to pay, or admit in writing its inability or unwillingness to pay, debts as they become due;

(b) apply for, consent to, or acquiesce in, the appointment of a trustee, receiver, sequestrator or other custodian for any Borrower or any of its Subsidiaries or any other Obligor or any property of any thereof, or make a general assignment for the benefit of creditors;

(c) in the absence of such application, consent or acquiescence, permit or suffer to exist the appointment of a trustee, receiver, sequestrator or other custodian for any Borrower or any of its Subsidiaries or any other Obligor or for a substantial part of the property of any thereof, and

such trustee, receiver, sequestrator or other custodian shall not be discharged within 60 days; provided, that each Borrower, each Subsidiary and each other Obligor hereby expressly authorizes the Agent on behalf of the Lenders to appear in any court conducting any relevant proceeding during such 60-day period to preserve, protect and defend its rights under the Loan Documents;

(d) permit or suffer to exist the commencement of any bankruptcy, reorganization, debt arrangement or other case or proceeding under any bankruptcy or insolvency law, or any dissolution, winding up or liquidation proceeding, in respect of any Borrower or any of its Subsidiaries or any other Obligor, and, if any such case or proceeding is not commenced by such Borrower or such Subsidiary or such other Obligor, such case or proceeding shall be consented to or acquiesced in by such Borrower or such Subsidiary or such other Obligor or shall result in the entry of an order for relief or shall remain for 60 days undismissed; provided, that each Borrower, each Subsidiary and each other Obligor hereby expressly authorizes the Agent on behalf of the Lenders to appear in any court conducting any such case or proceeding during such 60-day period to preserve, protect and defend its rights under the Loan Documents; or

(e) take any corporate action authorizing, or in furtherance of, any of the foregoing.

SECTION 9.1.10. Impairment of Security, etc. Any Loan Document, or any Lien granted thereunder, shall (except in accordance with its terms), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of any Obligor party thereto; any Borrower, any other Obligor or any other party shall, directly or indirectly, contest in any manner such effectiveness, validity, binding nature or enforceability; or any Lien securing any Obligation shall, in whole or in part, cease to be a perfected first priority Lien, subject only to those exceptions expressly permitted by such Loan Document.

SECTION 9.2. Action if Default in Section 9.1.9. If any Event of Default described in clauses (a) through (d) of Section 9.1.9 shall occur with respect to any Borrower, any Subsidiary or any other Obligor, the Commitments (if not theretofore terminated) shall automatically terminate and the outstanding principal amount of all outstanding Loans and all other Obligations shall automatically be and become immediately due and payable, without notice or demand.

SECTION 9.3. Action if Other Event of Default. If any Event of Default (other than any Event of Default described in

clauses (a) through (d) of Section 9.1.9 with respect to any Borrower or any Subsidiary or any other Obligor) shall occur for any reason, whether voluntary or involuntary, and be continuing, the Agent may, or upon the direction of the Required Lenders shall by notice to the Borrower declare all or any portion of the outstanding principal amount of the Loans and other Obligations to be due and payable and/or the Commitments (if not theretofore terminated) to be terminated, whereupon the full unpaid amount of such Loans and other Obligations which shall be so declared due and payable shall be and become immediately due and payable, without further notice, demand or presentment, and/or, as the case may be, the Commitments shall terminate and whereupon the Agent on behalf of the Lenders shall have the right to exercise all rights with respect to the Collateral in accordance with Article X.

ARTICLE X

SECURITY

SECTION 10.1. Granting Clause.

THIS LOAN AND SECURITY AGREEMENT WITNESSETH, that, to secure the prompt payment of the principal of, and interest on the Notes and the prompt payment of all the Obligations, and the performance and observance by the Borrowers of all the agreements, covenants and provisions for the benefit of the Agent and each Lender contained herein and in the Loan Documents to which any Borrower is a party, and for the uses and purposes and subject to the terms and provisions hereof, and in consideration of the premises and of the covenants herein contained, and of the acceptance of the Notes by the Agent, and making of the Loans by the Agent and each Lender, each Borrower has granted, bargained, sold, assigned, transferred, conveyed, mortgaged, pledged and confirmed, and does hereby grant, bargain, sell, assign, transfer, convey, mortgage, pledge and confirm, unto the Agent and each Lender, its successors and assigns, a security interest in and on all estate, right, title and interest of such Borrower in, to and under the following described property, rights, interests and privileges (which collectively, including all property hereafter specifically subjected to the Lien of this Agreement or any instrument supplemental hereto, are herein called the "Collateral"):

(1) the Equipment and all replacements thereof and substitutions therefor;

(2) all rents, issues, profits, revenues and other income of the property subjected or required to be subjected to the Lien of this Agreement which relate to the Equipment;

(3) all insurance proceeds or proceeds arising out of a taking, condemnation, requisition or appropriation by any Government Authority under the power of eminent domain or otherwise with respect to the Equipment or any Unit thereof, but excluding any insurance not required under Section 8.10; and

(4) all proceeds of the foregoing.

SECTION 10.2. Holding Clause.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Agent on behalf of the Lenders, their respective successors and assigns, for the uses and purposes and subject to the terms and provisions set forth in this Agreement.

This Agreement, as supplemented from time to time, is intended to and shall create and grant to the Agent on behalf of each Lender a security interest in the Equipment, which security interest shall attach on the Closing Date. The security interests created by this Agreement and granted to the Agent on behalf of each Lender hereunder in the Collateral other than in the Equipment shall likewise attach on the Closing Date.

It is expressly agreed that anything herein contained to the contrary notwithstanding, each Borrower shall remain liable under each of the Loan Documents to which it is a party to perform all of the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof, and the Agent and each Lender shall have no obligation or liability under any of the Loan Documents to which any Borrower is a party by reason of or arising out of any assignment hereunder or, except as herein expressly provided, to make any payment, or to make any inquiry as to the nature or sufficiency of any payment received by it, or present or file any claim, or take any action to collect or enforce the payment of any amounts which may have been assigned to it or to which it may be entitled at any time or times.

Subject to the terms and conditions hereof, each Borrower does hereby constitute the Agent on behalf of the Lenders the true and lawful attorney of such Borrower, irrevocably, with full power (in the name of such Borrower or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys due and to become due to such Borrower, to endorse any checks or other instruments or orders in connection therewith, to file any claims or take any action or institute any proceedings which the Agent on behalf of the Lenders may deem to be necessary or advisable in the premises.

Each Borrower agrees that, at any time and from time to time, upon the written request of the Agent, such Borrower will promptly and duly execute and deliver or cause to be duly executed and delivered to the Agent any and all such further instruments and documents as the Agent may reasonably deem desirable in obtaining the full benefits of this Agreement.

Each Borrower does hereby warrant and represent that it has not granted, bargained, sold, assigned, transferred, conveyed, mortgaged or pledged, and hereby covenants that, except as expressly permitted in Sections 8.7 and 8.8 it will not grant, bargain, sell, assign, transfer, convey, mortgage or pledge, so long as this Agreement shall remain in effect, any of its right, title or interest in the Collateral, to anyone other than the Agent on behalf of the Lenders.

SECTION 10.3. Additional Remedies.

SECTION 10.3.1. Remedies. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, the Agent may, or upon the direction of the Required Lenders shall, in addition to its rights and remedies set forth in Article IX, so long as the Borrowers shall not have remedied all outstanding Events of Default, do one or more of the following, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by any Borrower of the applicable covenants of this Agreement or the other Loan Documents or to recover damages for the breach thereof;

(b) by notice in writing to any Borrower, the Agent may demand that such Borrower, and such Borrower shall, upon written demand of the Agent and at the Borrower's expense, forthwith deliver all of the Equipment to the Agent on behalf of the Lenders or its order in the manner and condition required by, and otherwise in accordance with all of the provisions of Section 10.3.5; or the Agent with or without notice or judicial process may by its agents enter upon the premises of such Borrower or other premises where any of the Equipment may be located and take possession of and remove all or any of the Units and thenceforth hold, possess and enjoy the same free from any right of such Borrower or its successor or assigns, to use such Units for any purpose whatever;

(c) sell any Unit at public or private sale, as the Agent may determine, free and clear of any rights of any

Borrower and without any duty to account to any Borrower with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (e) or (f) below if the Agent elects to exercise or is required to exercise its rights under said paragraphs);

(d) If an Event of Default shall have occurred and for so long as such Event of Default shall be continuing, the Agent may, or upon the direction of the Required Lenders shall, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession, and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to any Borrower, once at least 30 days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, or interest therein, at a private sale or sales or a public auction to the highest bidder, in each case, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Agent may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) and time designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further notice, and the Agent or the Lenders may bid and become the purchaser at any such sale. Each Borrower hereby irrevocably appoints the Agent on behalf of the Lenders the true and lawful attorney-in-fact of such Borrower (in the name of such Borrower or otherwise) for the purpose of effectuating any sale, assignment, transfer or delivery for enforcement of the Lien created under this Agreement, whether pursuant to foreclosure or power of sale or otherwise, to execute and deliver all such bills of sale, assignments and other instruments as the Agent may consider necessary or appropriate, with full power of substitution, each Borrower hereby ratifying and confirming all that such attorney or any substitute shall lawfully do by virtue hereof. Nevertheless, if so requested by the Agent or any Lender or any purchaser, each Borrower shall ratify and confirm any such sale, assignment, transfer or delivery, by executing and delivering to the Agent or such Lender or such purchaser all bills of sale, assignments, releases and other proper instruments to effect such ratification and confirmation as may be designated in any such request.

(e) If an Event of Default has occurred and is continuing, each Borrower shall, at the request of the Agent, promptly execute and deliver to the Agent such

instruments of title or other documents as the Agent may deem necessary or advisable to enable the Agent or an agent or representative designated by the Agent, at such time and place or places as the Agent may specify, to obtain possession of all or any part of the Collateral. If any Borrower shall for any reason fail to execute and deliver such instruments and documents after such request by the Agent, the Agent on behalf of the Lenders shall be entitled to a judgment for specific performance of the covenants contained in the foregoing sentence, conferring upon the Agent the right to immediate possession and requiring such Borrower to execute and deliver such instruments and documents to the Agent. The Agent on behalf of the Lenders shall also be entitled to pursue all or any part of the Collateral wherever it may be found and may enter any of the premises of any Borrower or any other Person wherever the Collateral may be or be supposed to be and search for the Collateral and take possession of any item of the Collateral pursuant to this Section 10.3.1(e). The Agent may, from time to time, at the expense of the Borrowers, make all such expenditures for maintenance, insurance, repairs, replacements, alterations, additions and improvements to and of the Collateral, as it may deem proper. In each such case, the Agent on behalf of the Lenders shall have the right to use, operate, store, lease, control or manage the Collateral and to exercise all rights and powers of the Borrowers relating to the Collateral as the Agent shall deem appropriate, including the right to enter into any and all such agreements with respect to the use, operation, storage, leasing, control or management of the Collateral or any part thereof; and the Agent shall be entitled to collect and receive directly all tolls, rents, issues, profits, products, revenues and other income of the Collateral and every part thereof, without prejudice, however, to the right of the Agent or the Lenders under any provision of this Agreement to collect and receive cash held by, or required to be deposited with, the Agent or the Lender hereunder. In accordance with the terms of this Section 10.3.1(e), such tolls, rents, issues, profits, products, revenues and other income shall be applied to pay the expenses of using, operating, storing, leasing, controlling or managing the Collateral, and of all maintenance, insurance, repairs, replacements, alterations, additions and improvements, and to make all payments which the Agent may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Collateral or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Borrowers), and all other payments which the Agent may be required or authorized to make under any provision of this Agreement, including this Section

10.3.1(e), as well as just and reasonable compensation for the services of the Agent, and of all persons properly engaged and employed by the Agent.

If an Event of Default occurs and is continuing and the Agent on behalf of the Lenders shall have obtained possession of or title to the Equipment, the Agent shall not be obligated to use or operate the Equipment or cause the Equipment to be used or operated directly or indirectly by itself or through agents or other representatives or to lease, license or otherwise permit or provide for the use or operation of the Equipment by any other Person unless

- (i) the Agent shall have been able to obtain insurance in kinds, at rates and in amounts satisfactory to it in its discretion to protect the Collateral and the Agent and each Lender, against any and all liability for loss or damage to the Equipment and for public liability and property damage resulting from use or operation of the Equipment and
- (ii) funds are available in the Collateral to pay for all such insurance.

(f) The Agent on behalf of the Lenders may proceed to protect and enforce this Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid if any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment for the indebtedness secured by the Lien created under this Agreement or for the enforcement of any other proper, legal or equitable remedy available under applicable law.

In addition, the Borrowers shall be liable, except as otherwise provided above, for any and all Obligations due hereunder before or during the exercise of any of the foregoing remedies, and for legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Agent's and the Lenders' remedies with respect thereto, including, without limitation, the repayment in full of any costs and expenses necessary to be expended in repairing any Unit in order to cause it to be in compliance with all maintenance and regulatory standards imposed by this Agreement or by law.

SECTION 10.3.2. Cumulative Remedies. Each right, power and remedy in this Agreement provided in favor of the Agent on behalf of the Lenders shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other rights, powers and remedies in its favor existing at law, in equity or by

statute. Each Borrower hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided to the maximum extent that such waiver is permitted by law. Each Borrower hereby waives any and all existing or future claims of any right to assert any offset or counterclaim against the payments due hereunder, and agrees to make the payments regardless of any offset or counterclaim or claim which may be asserted by any Borrower on its behalf in connection with the use of the Equipment. To the maximum extent permitted by applicable law, each Borrower hereby waives any rights now or hereafter conferred by statute or otherwise that may require the Agent on behalf of the Lenders to sell, lease or otherwise use the Equipment in mitigation of the Agent's or the Lenders' damages or that may otherwise limit or modify any of the Agent's or the Lenders' rights and remedies provided in this Section 10.3.

SECTION 10.3.3. No Waiver. No delay or omission to exercise any right, power or remedy accruing to the Agent on behalf of the Lenders upon any breach or default by any Borrower under this Agreement shall impair any such right, power or remedy of the Agent, nor shall any such delay or omission be construed as a waiver of any breach or default, or of any similar breach or default, thereafter occurring; nor shall any waiver of a single breach or default be deemed a waiver of any subsequent breach or default.

SECTION 10.3.4. The Borrowers' Duty to Deliver Equipment Upon Default. If the Agent or any assignee of the Agent shall exercise its remedies pursuant to Section 10.3.1(b), (c), (d) or (e), the Borrowers shall forthwith deliver possession of the Equipment to the Agent on behalf of the Lenders. For the purpose of delivering possession of any Unit to the Agent as above required, the Borrowers shall at their own cost, expense and risk:

(a) forthwith place such Equipment upon such storage tracks of such Borrower or any of its Affiliates or, at the expense of the Borrowers, on any other storage tracks, as the Agent reasonably may designate or, in the absence of such designation, as such Borrower may select;

(b) permit the Agent to store such Equipment on such tracks without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Agent and during such period of storage the Borrowers shall continue to maintain all insurance required by Section 8.10 hereof; and

(c) transport the Equipment to any place on any lines of railroad or to any connection carrier for shipment, all as the Agent reasonably may direct in writing.

All Equipment delivered shall be in the condition required by Sections 6.14, 6.15 and 8.5.1.

All amounts earned in respect of the Equipment after the date of termination of this Agreement pursuant to Section 9.2 or 9.3, but not exceeding the rental, per diem, or other similar charge for equipment received therefor, until the complete exercise of remedies under Section 10.3 has occurred, shall be paid to the Agent on behalf of the Lenders, and, if received by any Borrower, shall be promptly turned over to the Agent on behalf of the Lenders. In the event any Unit is not assembled, delivered and stored as hereinabove provided within 15 days after the termination of this Agreement, the Borrowers shall, in addition, pay to the Agent on behalf of the Lenders, for each day thereafter an amount equal to the amount, if any, by which 125% of the Fair Market Rental Value for such Unit for each such day exceeds the amount, if any, received by the Agent (either directly or from any Borrower) for such day for such Unit pursuant to the preceding sentence.

SECTION 10.3.5. Specific Performance; the Agent Appointed each Borrower's Agent. The assembling, delivery, storage and transporting of the Equipment as provided in Section 10.3 are of the essence to this Agreement, and upon application to any court of jurisdiction in the premises, the Agent shall be entitled to a decree against the applicable Borrower, requiring specific performance of the covenants of such Borrower, so to assemble, deliver, store and transport the Equipment. Without in any way limiting the obligation of any Borrower under the provisions of Section 10.3, each Borrower hereby irrevocably appoints the Agent on behalf of the Lenders as the agent and attorney of such Borrower, with full power and authority, at any time while such Borrower is obligated to deliver possession of any Units to the Agent pursuant to Section 10.3, to demand and take possession of such Unit in the name and on behalf of such Borrower from whosoever shall be at the time in possession of such Unit.

SECTION 10.4. Filings; Further Assurances.

SECTION 10.4.1. Filings. On or prior to the Closing Date the Borrower will cause this Agreement to be duly filed and recorded with the STB in accordance with 49 U.S.C. § 11303, and will furnish the Agent proof thereof.

SECTION 10.4.2. Further Assurances. Each Borrower will duly execute and deliver to the Agent such further documents and assurances and take such further action as the Agent may from

time to time reasonably request or as may be required by applicable law in order to effectively carry out the intent and purpose of this Agreement and to establish and protect the rights and remedies created in favor of the Agent on behalf of the Lenders hereunder, including, without limitation, the recording or filing of counterparts hereof or thereof in accordance with the laws of such jurisdiction as the Agent may from time to time deem advisable, and the filing of financing statements with respect thereto.

SECTION 10.4.3. Expenses. The Borrowers will pay all costs, charges and expenses (including reasonable attorneys fees) incident to any such filing, refiling, recording and rerecording or depositing and re-depositing of any such instruments or incident to the taking of such action.

SECTION 10.5. The Agent's Right to Perform. If any Borrower fails to make any payment required to be made by it hereunder or fails to perform or comply with any of its other agreements contained herein, the Agent on behalf of the Lenders may itself make such payment or perform or comply with such agreement, after giving not less than five (5) Business Days' prior notice thereof to such Borrower (except in the event that a Default resulting solely from an Event of Default shall have occurred and be continuing, in which event the Agent may effect such payment, performance or compliance to the extent necessary to cure such Default with notice given concurrently with or promptly after such payment, performance or compliance), but shall not be obligated hereunder to do so, and the amount of such payment and of the reasonable expenses of the Agent incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate of interest specified in Section 3.2.2, to the extent permitted by applicable law, shall be payable by the Borrowers on demand.

ARTICLE XI

THE AGENT

SECTION 11.1. Actions. Each Lender hereby appoints CIBC-NYA as its Agent under and for purposes of this Agreement, the Notes and each other Loan Document. Each Lender authorizes the Agent to act on behalf of such Lender under this Agreement, the Notes and each other Loan Document and, in the absence of other written instructions from the Required Lenders received from time to time by the Agent (with respect to which the Agent agrees that it will comply, except as otherwise provided in this Section or as otherwise advised by counsel), to exercise such powers hereunder and thereunder as are specifically delegated to or

required of the Agent by the terms hereof and thereof, together with such powers as may be reasonably incidental thereto. Each Lender hereby indemnifies (which indemnity shall survive any termination of this Agreement) the Agent, pro rata according to such Lender's Percentage, from and against any and all liabilities, obligations, losses, damages, claims, costs or expenses of any kind or nature whatsoever which may at any time be imposed on, incurred by, or asserted against, the Agent in any way relating to or arising out of this Agreement, the Notes and any other Loan Document, including reasonable attorneys' fees, and as to which the Agent is not reimbursed by the Borrower; provided, however, that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, claims, costs or expenses which are determined by a court of competent jurisdiction in a final proceeding to have resulted solely from the Agent's gross negligence or willful misconduct. The Agent shall not be required to take any action hereunder, under the Notes or under any other Loan Document, or to prosecute or defend any suit in respect of this Agreement, the Notes or any other Loan Document, unless it is indemnified hereunder to its satisfaction. If any indemnity in favor of the Agent shall be or become, in the Agent's determination, inadequate, the Agent may call for additional indemnification from the Lenders and cease to do the acts indemnified against hereunder until such additional indemnity is given.

SECTION 11.2. Exculpation. Neither the Agent nor any of its directors, officers, employees or agents shall be liable to any Lender for any action taken or omitted to be taken by it under this Agreement or any other Loan Document, or in connection herewith or therewith, except for its own wilful misconduct or gross negligence, nor responsible for any recitals or representation or warranties herein or therein, or for the effectiveness, enforceability, validity or due execution of this Agreement or any other Loan Document, nor for the creation, perfection or priority of any Liens purported to be created by any of the Loan Documents, or the validity, genuineness, enforceability, existence, value or sufficiency of any collateral security, nor to make any inquiry respecting the performance by any Borrower of its obligations hereunder or under any other Loan Document. Any such inquiry which may be made by the Agent shall not obligate it to make any further inquiry or to take any action. The Agent shall be entitled to rely upon advice of counsel concerning legal matters and upon any notice, consent, certificate, statement or writing which the Agent believes to be genuine and to have been presented by a proper Person.

SECTION 11.3. Successor. The Agent may resign as such at any time upon at least 30 days' prior notice to the Borrowers and all Lenders. If the Agent at any time shall resign, the Required Lenders may appoint another Lender as a successor Agent which

shall thereupon become the Agent hereunder. If the Required Lenders do not make such appointment within 30 days, the retiring Agent may, on behalf of the Lenders, appoint a successor Agent, which shall be one of the Lenders or a commercial banking institution organized under the laws of the U.S. (or any State thereof) or a U.S. branch or agency of a commercial banking institution, and having a combined capital and surplus of at least \$500,000,000. Upon the acceptance of any appointment as Agent hereunder by a successor Agent, such successor Agent shall be entitled to receive from the retiring Agent such documents of transfer and assignment as such successor Agent may reasonably request, and shall thereupon succeed to and become vested with all rights, powers, privileges and duties of the retiring Agent, and the retiring Agent shall be discharged from its duties and obligations under this Agreement. After any retiring Agent's resignation hereunder as the Agent, the provisions of

(a) this Article XI shall inure to its benefit as to any actions taken or omitted to be taken by it while it was the Agent under this Agreement; and

(b) Section 12.3 and Section 12.4 shall continue to inure to its benefit.

SECTION 11.4. Loans by the Agent. CIBC-NYA and any other Affiliate thereof which may at any time be acting as the Agent and Lender hereunder, shall have the same rights and powers with respect to (x) the Loans made by it or any of its Affiliates, and (y) the Notes held by it or any of its Affiliates as any other Lender and may exercise the same as if it were not the Agent. CIBC-NYA and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrowers or any Affiliate thereof as if CIBC-NYA were not the Agent hereunder.

SECTION 11.5. Credit Decisions. Each Lender acknowledges that it has, independently of the Agent and each other Lender, and based on such Lender's review of the financial information of the Borrowers, this Agreement, the other Loan Documents (the terms and provisions of which being satisfactory to such Lender) and such other documents, information and investigations as such Lender has deemed appropriate, made its own credit decision to extend its Commitment. Each Lender also acknowledges that it will, independently of the Agent and each other Lender, and based on such other documents, information and investigations as it shall deem appropriate at any time, continue to make its own credit decisions as to exercising or not exercising from time to time any rights and privileges available to it under this Agreement or any other Loan Document.

SECTION 11.6. Copies, etc. The Agent shall give prompt notice to each Lender of each notice or request required to be given to the Agent by any Borrower pursuant to the terms of this Agreement (unless concurrently delivered to the Lenders by such Borrower), which is required to be delivered to a Lender. The Agent will distribute to each Lender each document or instrument received for such Lender's account and copies of all other communications received by the Agent from any Borrower for distribution to the Lenders by the Agent in accordance with the terms of this Agreement.

ARTICLE XII

MISCELLANEOUS PROVISIONS

SECTION 12.1. Waivers, Amendments, etc. The provisions of this Agreement and of each other Loan Document may from time to time be amended, modified or waived, if such amendment, modification or waiver is in writing and consented to by the Borrowers and the Required Lenders; provided, however, that no such amendment, modification or waiver:

(a) which would modify any requirement hereunder that any particular action be taken by all the Lenders or by the Required Lenders shall be effective unless consented to by each Lender;

(b) which would modify this Section 12.1, change the definition of "Required Lenders", increase the Commitment Amount or the Percentage of any Lender, change the amount of time for payment of any fees to the Lenders described in Article III or release all or substantially all the collateral security (including the Guaranty), shall be made without the consent of each Lender and each holder of a Note;

(c) which would extend the due date for, or reduce the amount of, any scheduled repayment (including the Stated Maturity Date) or prepayment of principal of, or interest on, any Loan (or reduce the principal amount of or rate of interest on any Loan), or extend the Commitment Termination Date shall be made without the consent of the holder of the Note evidencing such Loan; or

(d) which would affect adversely the interests, rights or obligations of the Agent in its capacity as the Agent or would amend provisions of this Agreement relating to the transfer of funds between the Agent and the Lenders (including the types of funds or the method of such transfer) shall be made without consent of the Agent.

No failure or delay on the part of the Agent, any Lender or the holder of any Note in exercising any power or right under this Agreement or any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such power or right preclude any other or further exercise thereof or the exercise of any other power or right. No notice to or demand on any Borrower in any case shall entitle it to any notice or demand in similar or other circumstances. The remedies provided herein are cumulative and not exclusive of any remedies provided by law.

No waiver or approval by the Agent, any Lender or the holder of any Note under this Agreement or any other Loan Document shall, except as may be otherwise stated in such waiver or approval, be applicable to subsequent transactions. No waiver or approval hereunder shall require any similar or dissimilar waiver or approval thereafter to be granted hereunder.

SECTION 12.2. Notices. All notices and other communications provided to any party hereto under this Agreement or any other Loan Document shall be in writing or by facsimile and addressed, delivered or transmitted to such party at its address or facsimile number set forth below its signature hereto or at such other address or facsimile number as may be designated by such party in a notice to the other parties given in accordance with this Section 12.2. Any notice, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre paid courier service, shall be deemed given when received; any notice, if transmitted by facsimile, shall be deemed given when transmitted.

SECTION 12.3. Payment of Costs and Expenses. The Borrowers agree to pay on demand all expenses of the Agent (including the fees and out of pocket expenses of Mayer, Brown & Platt, special counsel to the Lender, and the fees of the appraiser which performed the appraisal pursuant to Section 5.1.10) incurred in connection with

(a) the negotiation, preparation, execution and delivery of the commitment letter, this Agreement and of each other Loan Document, including schedules and exhibits, and any amendments, waivers, consents, supplements or other modifications to this Agreement or any other Loan Document as may from time to time hereafter be required or requested, whether or not the transactions contemplated hereby or thereby, are consummated;

(b) the filing, recording, refiling or rerecording of this Agreement and all securities filings required pursuant to Section 5.1.5 or 8.2 or Article X and all amendments, supplements and modifications to any thereof and any and all

other documents or instruments of further assurance required to be filed or recorded or refiled or rerecorded by the terms hereof; and

(c) the preparation and review of the form of any document or instrument relevant to this Agreement or any other Loan Document.

The Borrowers further agree to pay, and to save the Agent and each Lender harmless from all liability for, any stamp or other taxes payable in connection with the execution, delivery or enforcement of this Agreement, the borrowings hereunder, or the issuance of the Notes or any other Loan Documents. The Borrowers also agree to reimburse the Agent and each Lender upon demand for all reasonable out-of-pocket expenses (including attorneys' fees and legal expenses) incurred by the Agent or such Lender in connection with (x) the negotiation of any restructuring or "work-out", whether or not consummated, of any Obligations and (y) any Event of Default and collection, bankruptcy, insolvency and other enforcement proceedings relating to any Obligations of any Borrower or any Obligor. The obligations of the Borrowers under this Section 12.3 shall survive any termination of this Agreement.

SECTION 12.4. Indemnification. In consideration of the execution and delivery of this Agreement by the Agent and each Lender and the extension of the Commitment, the Borrowers hereby indemnify, exonerate and hold the Agent and each Lender and each of their respective officers, directors, employees and agents (collectively, the "Indemnified Parties") free and harmless from and against any and all actions, causes of action, suits, losses, costs, liabilities and damages, and expenses incurred in connection therewith (irrespective of whether any such Indemnified Party is a party to the action for which indemnification hereunder is sought), including reasonable attorneys' fees and disbursements (collectively, the "Indemnified Liabilities"), incurred by the Indemnified Parties or any of them as a result of, or arising out of, or relating to

(a) any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of any Loan;

(b) the entering into and performance of this Agreement and any other Loan Document by any of the Indemnified Parties (including any action brought by or on behalf of any Borrower as the result of any determination by the Lenders pursuant to Article V not to fund any Borrowing);

(c) any investigation, litigation or proceeding related to any environmental cleanup, audit, compliance or other matter relating to the protection of the environment or the Release by any Borrower or any of its Subsidiaries of any Hazardous Material; or

(d) the presence on or under, or the escape, seepage, leakage, spillage, discharge, emission, discharging or releases from, any real property owned or operated by any Borrower or any Subsidiary thereof of any Hazardous Material (including any losses, liabilities, damages, injuries, costs, expenses or claims asserted or arising under any Environmental Law), regardless of whether caused by, or within the control of, any Borrower,

except for any such Indemnified Liabilities arising for the account of a particular Indemnified Party by reason of the relevant Indemnified Party's gross negligence or wilful misconduct, and if and to the extent that the foregoing undertaking may be unenforceable for any reason, the Borrowers hereby agree to make the maximum contribution to the payment and satisfaction of each of the Indemnified Liabilities which is permissible under applicable law.

SECTION 12.5. Survival. The obligations of the Borrowers under Sections 4.3, 4.4, 4.5, 4.6, 12.3 and 12.4, and the obligations of the Lenders under Section 11.1, shall in each case survive any termination of this Agreement, the payment in full of all Obligations and the termination of all Commitments. The representations and warranties made by each Borrower and each Obligor in this Agreement and in each other Loan Document shall survive the execution and delivery of this Agreement and each such other Loan Document.

SECTION 12.6. Severability. Any provision of this Agreement or any other Loan Document which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or such Loan Document or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 12.7. Headings. The various headings of this Agreement and of each other Loan Document are inserted for convenience only and shall not affect the meaning or interpretation of this Agreement or such other Loan Document or any provisions hereof or thereof.

SECTION 12.8. Execution in Counterparts, Effectiveness, etc. This Agreement may be executed by the parties hereto in

several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. This Agreement shall become effective when counterparts hereof executed on behalf of each Borrower and each Lender (or notice thereof satisfactory to the Agent) shall have been received by the Agent and notice thereof shall have been given by the Agent to each Borrower and each Lender.

SECTION 12.9. Governing Law; Entire Agreement. **THIS AGREEMENT, THE NOTES AND EACH OTHER LOAN DOCUMENT SHALL EACH BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK.** This Agreement, the Notes and the other Loan Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 12.10. Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that:

(a) no Borrower may assign or transfer its rights or obligations hereunder without the prior written consent of the Agent and all Lenders; and

(b) the rights of sale, assignment and transfer of the Lenders are subject to Section 12.11.

SECTION 12.11. Sale and Transfer of Loans and Note; Participations in Loans and Note. Each Lender may assign, or sell participations in, its Loans and Commitment to one or more other Persons in accordance with this Section 12.11.

SECTION 12.11.1. Assignments. Any Lender,

(a) with the written consents of the Borrowers and the Agent (which consents shall not be unreasonably delayed or withheld and which consent, in the case of each Borrower, shall be deemed to have been given in the absence of a written notice delivered by any Borrower to such Lender, on or before the tenth Business Day after receipt by such Borrower of such Lender's request for consent, stating, in reasonable detail, the reasons why such Borrower proposes to withhold such consent) may at any time assign and delegate to one or more commercial banks or other financial institutions; and

(b) with notice to the Borrowers and the Agent, but without the consent of any Borrower or the Agent, may assign and delegate to any of its Affiliates or to any other Lender

(each Person described in either of the foregoing clauses as being the Person to whom such assignment and delegation is to be made, being hereinafter referred to as an "Assignee Lender"), all or any fraction of such Lender's total Loans and Commitment (which assignment and delegation shall be of a constant, and not a varying, percentage of all the assigning Lender's Loans and Commitment) in a minimum aggregate amount of \$5,000,000 (or, if less, the entire balance of its Commitment and/or Loans); provided, however, that any such Assignee Lender will comply, if applicable, with the provisions contained in Section 4.6; further, provided, that, each Borrower and the Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned and delegated to an Assignee Lender until

(c) written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Assignee Lender, shall have been given to the Borrowers and the Agent by such Lender and such Assignee Lender;

(d) such Assignee Lender shall have executed and delivered to the Borrowers and the Agent a Lender Assignment Agreement and notice of assignment substantially in the form of Exhibit H; and

(e) the processing fees described below shall have been paid.

From and after the date the Agent accepts such Lender Assignment Agreement, (x) the Assignee Lender thereunder shall be deemed automatically to have become a party hereto and to the extent that rights and obligations hereunder have been assigned and delegated to such Assignee Lender in connection with such Lender Assignment Agreement, shall have the rights and obligations of a Lender hereunder and under the other Loan Documents, and (y) the assignor Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it in connection with such Lender Assignment Agreement, shall be released from its obligations hereunder and under the other Loan Documents. After its receipt of notice that the Agent has received an executed Lender Assignment Agreement, each Borrower and, if the assigning Lender has returned Loans and a Commitment hereunder, shall execute and deliver to the Agent (for delivery to the relevant Assignee Lender) a new Note evidencing such Assignee Lender's assigned Loans and Commitment, a replacement Note in the principal amount of the Loans and Commitment retained by the assignor Lender hereunder (such Note to be in exchange for, but not in payment of, that Note then held by such assignor Lender). Each such Note shall be dated the date of the predecessor Note. The assignor Lender shall mark the predecessor

Note "exchanged" and deliver it to the applicable Borrower. Accrued interest on that part of the predecessor Note evidenced by the new Note, and accrued fees, shall be paid as provided in the Lender Assignment Agreement. Accrued interest on that part of the predecessor Note evidenced by the replacement Note shall be paid to the assignor Lender. Accrued interest and accrued fees shall be paid at the same time or times provided in the predecessor Note and in this Agreement. Such assignor Lender or such Assignee Lender must also pay a processing fee to the Agent upon delivery of any Lender Assignment Agreement in the amount of \$3,000. Any attempted assignment and delegation not made in accordance with this Section 12.11.1 shall be null and void.

SECTION 12.11.2. Participations. Any Lender may at any time sell to one or more commercial banks or other Persons (each of such commercial banks and other Persons being herein called a "Participant") participating interests in any of its Loans or Commitment; provided, however, that

(a) no participation contemplated in this Section 12.11.2 shall relieve such Lender from its Commitment or its other obligations hereunder or under any other Loan Document;

(b) such Lender shall remain solely responsible for the performance of its Commitment and such other obligations;

(c) each Borrower, each other Obligor and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and each other Loan Document;

(d) no Participant, unless such Participant is an Affiliate of such Lender, or is itself a Lender, shall be entitled to require such Lender to take or refrain from taking any action hereunder or under any other Loan Document; except that such Lender will not, without such Participant's consent, take any actions of the type described in clause (b) or (c) of Section 12.1; and

(e) no Borrower shall be required to pay any amount under Article IV that is greater than the amount which it would have been required to pay had no participating interest been sold.

Each Borrower acknowledges and agrees that each Participant, for purposes of Sections 4.3, 4.4, 4.5, 4.6, 4.8, 12.3 and 12.4, shall be considered a Lender.

SECTION 12.12. Collateral Matters. (a) The Agent is authorized on behalf of all the Lenders, without the necessity of any notice to or further consent from the Lenders, from time to time to take any action with respect to any collateral or the Loan Documents which may be necessary to perfect and maintain perfected the Liens upon the collateral granted pursuant to this Agreement.

(b) The Lenders irrevocably authorize the Agent at its option and in its discretion, to release any Lien granted to or held by the Agent upon any collateral (i) upon termination of the Commitments and payment in full of all Loans and all other Obligations payable under this Agreement and under any other Loan Document; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; (iii) constituting property in which any Borrower owned no interest at the time the Lien and/or Lien was granted or at any time thereafter; (iv) constituting property leased to any Borrower under a lease which has expired or been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by such Borrower to be, renewed or extended; (v) consisting of an instrument evidencing Indebtedness or other debt instrument, if the Indebtedness evidenced thereby has been paid in full; or (vi) if approved, authorized or ratified in writing by the Required Lenders or, if required by clause (b) of Section 12.1, each Lender. Upon request by the Agent, at any time, the Lenders will confirm in writing the Agent's authority to release particular types or items of collateral pursuant to this Section 12.13.

SECTION 12.13. Usury. It is the intention of the parties hereto to comply with applicable usury laws (now or hereafter enacted); accordingly, notwithstanding any provision to the contrary in this Agreement or in any other document otherwise relating hereto, in no event shall this Agreement or such documents require the payment or permit the collection of consideration which constitutes interest under applicable law in excess of the maximum amount permitted by such laws. If any such excess of interest is contracted for, charged or received under this Agreement or under any other document otherwise relating hereto, or in the event maturity of the indebtedness evidenced by this Agreement and such other documents is accelerated in whole or in part, or in the event that all or part of the principal amount of or interest on the Obligations shall be prepaid, so that under any of such circumstances the amount of interest contracted for, charged or received under this Agreement or under any other document otherwise relating hereto, on the principal amount of the Obligations actually outstanding from time to time under this Agreement shall exceed the maximum amount of interest permitted by applicable usury laws, now or hereafter enacted, then in any such event (a) the provisions of this Section 12.13

shall govern and control, (b) any such excess which may have been collected shall be either applied as a credit against the unpaid principal amount of the Obligations or refunded to the Borrowers, and (c) the effective rate of interest shall be automatically reduced to the maximum lawful contract rate allowed under applicable usury laws as now or hereafter construed by the courts having jurisdiction thereof. Without limiting the foregoing, all calculations of the rate of interest contracted for, charged or received under this Agreement or under such other documents which are made for the purpose of determining whether such rate exceeds the maximum lawful contract rate, shall be made, to the extent permitted by law, by amortizing, prorating, allocating and spreading in equal parts during the period of the full stated term of the Obligations all interest at any time contracted for, charged or received from the Borrowers or otherwise by the Lender in connection therewith.

SECTION 12.14. Other Transactions. Nothing contained herein shall preclude the Agent or any other Lender from engaging in any transaction, in addition to those contemplated by this Agreement or any other Loan Document, with any Borrower or any of its Affiliates in which such Borrower or such Affiliate is not restricted hereby from engaging with any other Person.

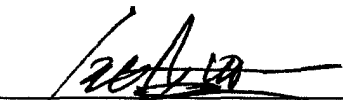
SECTION 12.15. Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE LENDERS OR ANY BORROWER SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK; PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH BORROWER HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND OF THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE AND IRREVOCABLY AGREES TO BE BOUND BY ANY JUDGMENT RENDERED THEREBY IN CONNECTION WITH SUCH LITIGATION. EACH BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF NEW YORK. EACH BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION WHICH IT MAY HAVE OR HEREAFTER MAY HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM. TO THE EXTENT THAT ANY BORROWER HAS OR HEREAFTER MAY ACQUIRE ANY IMMUNITY FROM JURISDICTION OF ANY COURT OR FROM ANY LEGAL PROCESS (WHETHER

THROUGH SERVICE OR NOTICE, ATTACHMENT PRIOR TO JUDGMENT, ATTACHMENT IN AID OF EXECUTION OR OTHERWISE) WITH RESPECT TO ITSELF OR ITS PROPERTY, SUCH BORROWER HEREBY IRREVOCABLY WAIVES SUCH IMMUNITY IN RESPECT OF ITS OBLIGATIONS UNDER THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.

SECTION 12.16. Waiver of Jury Trial. THE AGENT, THE LENDERS AND EACH BORROWER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE AGENT, THE LENDERS OR ANY BORROWER. EACH BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER LOAN DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE AGENT AND THE LENDERS ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER LOAN DOCUMENT.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.


FORMOSA PLASTICS CORPORATION, NEVADA

By: 
Name:
Title:

Address: 9 Peach Tree Hill Road
Livingston, NJ 07039
Facsimile No.: 201-992-8284

Attention: Mr. Robert P.H. Ho

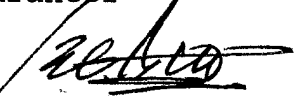
FORMOSA TRANSRAIL CORPORATION

By: 
Name:
Title:

Address: 9 Peach Tree Hill Road
Livingston, NJ 07039
Facsimile No.: 201-992-8284

Attention: Mr. Robert P.H. Ho

FORMOSA PLASTICS CORPORATION, U.S.A.,
as Guarantor


By: 
Name:
Title:

Address: 9 Peach Tree Hill Road
Livingston, NJ 07039
Facsimile No.: 201-992-8284

Attention: Mr. Robert P.H. Ho

CANADIAN IMPERIAL BANK OF
COMMERCE, NEW YORK AGENCY,
as Agent

By:


Marybeth Ross

Authorized Signatory

Address: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3763

Attention: Agency Services
Phone: 212-856-3747

Domestic
Office: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3763

Attention: Melissa Roedel
Phone: 212-856-3698

LIBOR
Office: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3763

Attention: Melissa Roedel
Phone: 212-856-3698

PAYMENT INSTRUCTIONS

NAME OF CREDIT BANK:

CITY, STATE:

METHOD OF PAYMENT:

FOR CREDIT TO:

ACCOUNT NUMBER:

FOR FURTHER CREDIT TO:

ACCOUNT NUMBER:

ATTENTION:

REFERENCE:

MORGAN GUARANTY TRUST COMPANY
OF NEW YORK

NEW YORK, NEW YORK

FEDWIRE ABA # 021-000-238

CANADIAN IMPERIAL BANK OF COMMERCE,
NEW YORK AGENCY

630-00-480

"AGENTED LOANS ACCOUNT"

07-09611

AGENCY SERVICES

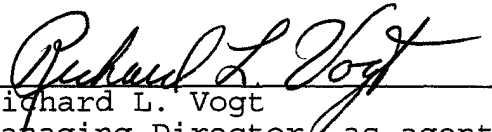
FORMOSA PLASTICS

AMOUNT AND PERCENTAGE

\$24,890,608.00
23.0650122782%

LENDERS

CIBC INC.

By: 
Richard L. Vogt
Managing Director as agent

Address: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3688

Attention: GABF Administration
Phone: 212-856-3747

Domestic

Office: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3763

Attention: Melissa Roedel
Phone: 212-856-3698

LIBOR

Office: 425 Lexington Avenue
New York, New York 10017

Facsimile No.: 212-856-3763

Attention: Melissa Roedel
212-856-3698

\$12,057,130.59
11.1728032155%

ABN AMRO BANK N.V. NEW YORK BRANCH

By: 

Name: ~~GEORGE M. DUGAN~~

Title: ~~Vice President~~

By: 

Name: DAVID W. STACK

Title: Vice President

Address: 500 Park Avenue
New York, New York 10022

Facsimile No.: 212-446-4237

Attention: George Dugan
Phone: 212-446-4332

Domestic

Office: 500 Park Avenue
New York, New York 10022

Facsimile No.: 212-832-7468

Attention: Melissa Jeter
Phone: 212-446-4224

LIBOR

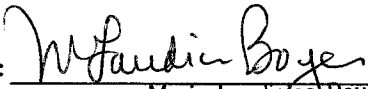
Office: 500 Park Avenue
New York, New York 10022

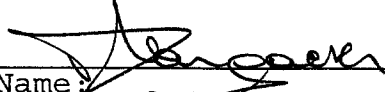
Facsimile No.: 212-832-7468

Attention: Melissa Jeter
Phone: 212-446-4224

\$15,288,705.50
14.1673590326%

BANK BRUSSELS LAMBERT,
NEW YORK BRANCH

By: 
Name: Maria Laudina Boyer
Title: Assistant Vice President

By: 
Name: Dominick H. J. Vangaever
Title: Senior Vice President
Address: 630 Fifth Avenue
Suite 630
New York, New York 10111

Facsimile No.: 212-333-5786

Attention: Charles David
Phone: 212-632-5393

Domestic
Office: 630 Fifth Avenue
Suite 630
New York, New York 10111

Facsimile No.: 212-632-5308

Attention: Jose Garces
Phone: 212-632-5429

LIBOR
Office: 630 Fifth Avenue
Suite 630
New York, New York 10111

Facsimile No.: 212-632-5308

Attention: Jose Garces
Phone: 212-632-5429

\$34,108,555.91
31.6068719918%

BANQUE NATIONALE DE PARIS

By: 

Name: Florence Tang
Title: Vice President

Address: 180 Montgomery Street
San Francisco, CA 94104

Facsimile No.: 415-434-4912

Attention: Florence Tang
Phone: 415-956-0707

Domestic

Office: 180 Montgomery Street
San Francisco, CA 94104

Facsimile No.: 415-989-9041

Attention: Don Hart
Phone: 415-956-2511

LIBOR


Office: 180 Montgomery Street
San Francisco, CA 94104


Facsimile No.: 415-989-9041

Attention: Don Hart
Phone: 415-989-2511

\$21,570,000.00
19.9879534819%

SOCIÉTÉ GÉNÉRALE, NEW YORK BRANCH

By: 
Name: Richard Cuene-Grandidier
Title: Vice President & Group Manager

By: 
Name: David Thackray
Title: Vice President

Address: 1221 Ave. of the Americas
New York, New York 10020

Facsimile No.: 212-278-7462

Attention: David Thackray
Phone: 212-278-6966

Domestic
Office: 1221 Ave. of the Americas
New York, New York 10020

Facsimile No.: 212-278-7462

Attention: Myriam Ferguson
Phone: 212-278-6967

LIBOR
Office: 1221 Ave. of the Americas
New York, New York 10020

Facsimile No.: 212-278-7462

Attention: Myriam Ferguson
Phone: 212-278-6967

ACKNOWLEDGMENT

STATE OF NEW JERSEY

SS.:

COUNTY OF NEW JERSEY

Personally appeared before me, the undersigned Notary Public, on this 23rd day of June, 1997, within my jurisdiction, the within named Robert P. H. Ho who acknowledged that he is the VP & Treasurer of Formosa Plastics Corporation, U.S.A., and that for and on behalf of Formosa Plastics Corporation, U.S.A., and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by Formosa Plastics Corporation, U.S.A. so to do.



NOTARY PUBLIC

My Commission Expires:

ANN H. ROSS
Notary Public of New Jersey
My Commission Expires Dec. 15, 1997

[seal]

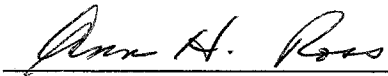
ACKNOWLEDGMENT

STATE OF NEW JERSEY

SS.:

COUNTY OF NEW JERSEY

Personally appeared before me, the undersigned Notary Public, on this 23rd day of June, 1997, within my jurisdiction, the within named Robert P. H. Ho who acknowledged that he is the VP & Treasurer of Formosa Transrail Corporation, and that for and on behalf of Formosa Transrail Corporation, and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by Formosa Transrail Corporation so to do.



NOTARY PUBLIC

My Commission Expires:

ANN H. ROSS
Notary Public of New Jersey

My Commission Expires Dec. 15, 1997

[seal]

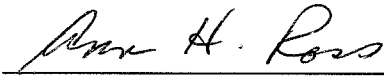
ACKNOWLEDGMENT

STATE OF NEW JERSEY

SS.:

COUNTY OF NEW JERSEY

Personally appeared before me, the undersigned Notary Public, on this 23rd day of June, 1997, within my jurisdiction, the within named Robert P. H. Ho who acknowledged that he is the VP & Treasurer of Formosa Plastics Corporation, Nevada, and that for and on behalf of Formosa Plastics Corporation, Nevada, and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by Formosa Plastics Corporation, Nevada so to do.



NOTARY PUBLIC

My Commission Expires:

ANN H. ROSS

Notary Public of New Jersey

My Commission Expires Dec. 15, 1997

[seal]

ACKNOWLEDGMENT

STATE OF NEW YORK
COUNTY OF NEW YORK

§
§ ss.:
§

Personally appeared before me, the undersigned Notary Public, on this 20 day of June, 1997, within my jurisdiction, the within named Marybeth Ross who acknowledged that he is the Authorized Signatory of Canadian Imperial Bank of Commerce, New York Agency, and that for and on behalf of Canadian Imperial Bank of Commerce, New York Agency, and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by Canadian Imperial Bank of Commerce, New York Agency so to do.

Sabine Mitton

NOTARY PUBLIC

My Commission Expires:

[seal]

SABINE MITTON
Notary Public, State of New York
No 01M15034021
Qualified in Kings County 1998
Commission Expires October 3, 1998

ACKNOWLEDGMENT

STATE OF NEW YORK
COUNTY OF NEW YORK

§
§ ss.:
§

Personally appeared before me, the undersigned Notary Public, on this 26th day of June, 1997, within my jurisdiction, the within named Richard L. Vogt who acknowledged that he is a Managing Director of CIBC, Inc., and that for and on behalf of CIBC, Inc., and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by CIBC, Inc. so to do.

Sabine Mitton

NOTARY PUBLIC

My Commission Expires:

SABINE MITTON
Notary Public, State of New York
No 01M15034021
Qualified in Kings County 1998
Commission Expires October 3, 1998

[seal]

ACKNOWLEDGMENT

STATE OF NEW YORK
COUNTY OF NEW YORK

§
§ SS.:
§

Personally appeared before me, the undersigned Notary Public, on this 23 day of June, 1997, within my jurisdiction, the within named David W. Stack who acknowledged that he is the authorized signatory of ABN AMRO BANK N.V., New York Branch, and that for and on behalf of ABN AMRO BANK N.V., New York Branch, and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by ABN AMRO BANK N.V., New York Branch so to do.

Despina Dafaikos

DESPINA DAFAKOS
Notary Public, State of New York
No. 01DA5038774
Qualified in Queens County
Certificate Filed in New York County
Commission Expires Feb. 6, 1999

NOTARY PUBLIC

My Commission Expires:

February 6, 1999

[seal]

ACKNOWLEDGMENT

STATE OF NEW YORK
COUNTY OF NEW YORK

§
§ SS.:
§

Personally appeared before me, the undersigned Notary Public, on this 23 day of June, 1997, within my jurisdiction, the within named George M. Dugan who acknowledged that he is the authorized signatory of ABN AMRO BANK N.V., New York Branch, and that for and on behalf of ABN AMRO BANK N.V., New York Branch, and its having been duly authorized so to do, he executed the above and foregoing instrument, after first having been duly authorized by ABN AMRO BANK N.V., New York Branch so to do.

Despina Dafaikos

DESPINA DAFAKOS
Notary Public, State of New York
No. 01DAS038774
Qualified in Queens County
Certificate Filed in New York County
Commission Expires Feb. 6, 1999.

NOTARY PUBLIC

My Commission Expires:

February 6, 1999

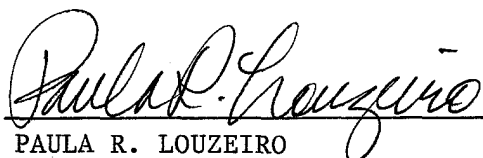
[seal]

ACKNOWLEDGMENT

STATE OF NEW YORK
COUNTY OF NEW YORK

§
§ ss.:
§

Personally appeared before me, the undersigned Notary Public, on this 20th day of June, 1997, within my jurisdiction, the within named Maria Boyer/Dominiek Vangaever who acknowledged that ~~XXXXX~~ they are the authorized signatory of Bank Brussels Lambert, New York Branch, and that for and on behalf of Bank Brussels Lambert, New York Branch, and its having been duly authorized so to do, ~~they~~ executed the above and foregoing instrument, after first having been duly authorized by Bank Brussels Lambert, New York Branch so to do.


PAULA R. LOUZEIRO

NOTARY PUBLIC

My Commission Expires:

[seal]

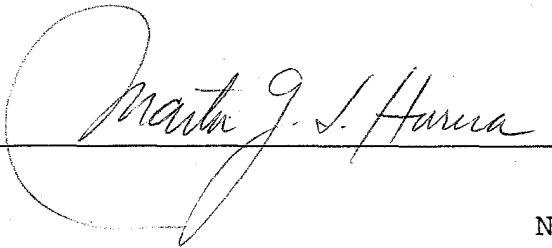
PAULA R. LOUZEIRO
Notary Public, State of New York
No. 41-4983461
Qualified in Queens County
Commission Expires July 1, 1997

ACKNOWLEDGMENT

STATE OF CALIFORNIA
COUNTY OF SAN FRANCISCO

§
§ SS.:
§

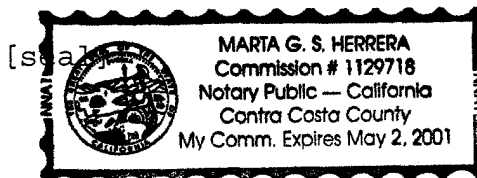
Personally appeared before me, the undersigned Notary Public, on this 20th day of June, 1997, within my jurisdiction, the within named FLORENCE TANG who acknowledged that she is the authorized signatory of Banque Nationale de Paris, and that for and on behalf of Banque Nationale de Paris, and its having been duly authorized so to do, she executed the above and foregoing instrument, after first having been duly authorized by Banque Nationale de Paris so to do.



NOTARY PUBLIC

My Commission Expires:

May 2, 2001

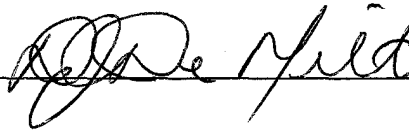


ACKNOWLEDGMENT

STATE OF NEW YORK
COUNTY OF NEW YORK

§
§ SS.:
§

Personally appeared before me, the undersigned Notary Public, on this 24th day of June, 1997, within my jurisdiction, the within named Richard Evans Gendreau & David Mackay who acknowledged that ~~they~~ they are the authorized signatories of Société Générale, and that for and on behalf of Société Générale, and its having been duly authorized so to do, ~~they~~ they executed the above and foregoing instrument, after first having been duly authorized by Société Générale so to do.



DONNA J. De MILT
Notary Public, State of New York
No. 01DE5025210
Qualified in New York County
Commission Expires March 21, 1998

NOTARY PUBLIC

My Commission Expires:

3/21/98

[seal]

APPENDIX A

1.1. Defined Terms. The following terms (whether or not underscored) when used in the Amended and Restated Loan and Security Agreement to which this appendix is attached, including its preamble and recitals, shall, except where the context otherwise requires, have the following meanings (such meanings to be equally applicable to the singular and plural forms thereof):

"Affiliate" of any Person means any other Person which, directly or indirectly, controls, is controlled by or is under common control with such Person (excluding any trustee under, or any committee with responsibility for administering, any Plan). A Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power

(a) to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managing general partners; or

(b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agent" means

(a) CIBC-NYA;

(b) any other office or agency of Canadian Imperial Bank of Commerce within the United States of America of which the Lenders and the Borrowers are notified and

(i) to which the rights and responsibilities of the Agent hereunder may be transferred from time to time; or

(ii) which may, from time to time on behalf of CIBC-NYA or any such transferee, act pursuant to the terms and conditions hereof as Agent for the Lenders under this Agreement or any other Loan Document; or

(c) such other Lender or financial institution as shall have subsequently been appointed as the successor Agent pursuant to Section 11.4.

"Agreement" means, on any date, the Amended and Restated Loan and Security Agreement to which this Appendix A is attached as originally in effect on the Effective Date and as thereafter from time to time amended, supplemented, amended and restated, or otherwise modified and in effect on such date.

"Alternate Base Rate" means, on any date and with respect to all Base Rate Loans, a fluctuating rate of interest per annum equal to the higher of

(a) the rate of interest most recently announced established by the Agent at its Domestic Office as its base rate; and

(b) the Federal Funds Rate most recently determined by the Agent plus .5 of 1%.

The Alternate Base Rate is not necessarily intended to be the lowest rate of interest determined by the Agent in connection with extensions of credit. Changes in the rate of interest on that portion of any Loan maintained as a Base Rate Loan will take effect simultaneously with each change in the Alternate Base Rate.

"Applicable Margin" means 0.475 of 1%.

"Assignee Lender" is defined in Section 12.11.1.

"Authorized Officer" means, relative to any Obligor, those of its officers whose signatures and incumbency shall have been certified to the Agent pursuant to Section 5.1.1.

"Base Rate Loan" means a Loan bearing interest at a fluctuating rate determined by reference to the Alternate Base Rate.

"Borrower" and "Borrowers" are defined in the preamble.

"Borrowing" means the Loans of the same type and having the same Interest Period made by the Lenders on the same Business Day and pursuant to the same Borrowing Request in accordance with Section 2.2.

"Borrowing Request" means a loan request and certificate duly executed by an Authorized Officer of any Borrower, substantially in the form of Exhibit B hereto.

"Business Day" means

(a) any day which is neither a Saturday or Sunday nor a legal holiday on which banks are authorized or required to be closed in New York; and

(b) relative to the making, continuing, prepaying or repaying of any LIBO Rate Loans, any day on which dealings in Dollars are carried on in the New York eurodollar market.

"Capitalized Lease Liabilities" means all monetary obligations of any Borrower or any of its Subsidiaries under any leasing or similar arrangement which, in accordance with GAAP, would be classified as capitalized leases, and, for purposes of this Agreement and each other Loan Document, the amount of such obligations shall be the capitalized amount thereof, determined in accordance with GAAP, and the stated maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be terminated by the lessee without payment of a penalty.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended.

"CERCLIS" means the Comprehensive Environmental Response Compensation Liability Information System List.

"Change in Control" means the failure of the Controlling Shareholders or the family members of such Controlling Shareholders or any corporation controlled by such Controlling Shareholders to own, free and clear of all Liens or other encumbrances, 60% of the outstanding shares of voting stock of the Guarantor on a fully diluted basis or the failure of the Guarantor to own, free and clear of Liens or other encumbrances, 100% of the outstanding voting stock of each Borrower and each of its Subsidiaries on a fully diluted basis or the failure of any Borrower to own, free and clear of Liens or other encumbrances, 100% of the outstanding voting stock of each Subsidiary on a fully diluted basis.

"CIBC Leasing" means CIBC Leasing Inc.

"CIBC Leasing Fee Letter" means the letter agreement, dated March 25, 1997, between the Borrower and CIBC Leasing Inc., as amended, supplemented, amended and restated or otherwise modified from time to time.

"CIBC-NYA" means Canadian Imperial Bank of Commerce, acting through its New York Agency.

"Closing Date" means June 23, 1997.

"Closing Date Certificate" means a certificate duly executed by an Authorized Officer of any Borrower, in substantially the form of Exhibit E hereto.

"Code" means the Internal Revenue Code of 1986, as amended, reformed or otherwise modified from time to time.

"Collateral" is defined in Section 10.1.

"Commitment" means the Lenders' obligation to make Loans pursuant to Section 2.1.1.

"Commitment Amount" means, on any date, \$107,915,000, as such amount may be reduced from time to time pursuant to Section 2.2.

"Commitment Termination Date" means the earliest of

- (a) October 31, 1997;
- (b) the date on which the Commitment Amount is fully drawn, terminated in full or reduced to zero pursuant to Section 2.2; and
- (c) the date on which any Commitment Termination Event occurs.

Upon the occurrence of any event described above, the Commitment shall terminate automatically and without any further action.

"Commitment Termination Event" means

- (a) the occurrence of any Default described in clauses (a) through (d) of Section 9.1.9 with respect to any Borrower or any Subsidiary; or
- (b) the occurrence and continuance of any other Event of Default and either
 - (i) the declaration of the Loans to be due and payable pursuant to Section 9.3, or
 - (ii) in the absence of such declaration, the giving of notice by the Agent to the Borrowers that the Commitment has been terminated.

"Consolidated Current Assets" means at any time the sum of the cash-on-hand, cash equivalents, inventory, accounts receivable, prepaid expenses, and due from affiliates at such time included on a consolidated balance sheet of the Guarantor and its Subsidiaries determined in accordance with generally accepted accounting principles consistently applied.

"Consolidated Current Liabilities" means at any time the sum of the accounts payable, accrued expenses, taxes payable, short-term bank borrowings and the current portion of long-term debt at such time included on a consolidated balance sheet of the Guarantor and its Subsidiaries determined in accordance with generally accepted accounting principles consistently applied.

"Consolidated Tangible Net Worth" means, with respect to the Guarantor and its Subsidiaries, on a consolidated basis at any time of determination, (a) total assets excluding, without duplication, the sum of (1) all items which would properly be classified as intangible assets under generally acceptable accounting principles, including goodwill (whether representing the excess of cost over book value of assets or otherwise), patents, trademarks, tradenames, copyrights, franchises and deferred charges (including unamortized debt discount and expense, organization costs and research and development costs) and (2) any write-up, or any revaluation resulting in a write-up, in the book value of assets, less (b) total liabilities at such time.

"Contingent Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, obligation or any other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's obligation under any Contingent Liability shall (subject to any limitation set forth therein) be deemed to be the outstanding principal amount (or maximum principal amount, if larger) of the debt, obligation or other liability guaranteed thereby.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the applicable Borrower, are treated as a single employer under Section 414(b) or 414(c) of the Code or Section 4001 of ERISA.

"Controlling Shareholders" is defined in Section 6.21.

"Default" means any Event of Default or any condition, occurrence or event which, after notice or lapse of time or both, would constitute an Event of Default.

"Disclosure Schedule" means the Disclosure Schedule attached hereto as Schedule II, as it may be amended, supplemented or otherwise modified from time to time by any Borrower with the written consent of the Agent.

"Dollar" and the sign "\$" mean lawful money of the United States.

"Domestic Office" means, relative to the Agent or any Lender, the office thereof designated as such below its signature hereto (or designated pursuant to a Lender Assignment Agreement) or such other office of such Lender within the United States as may be designated from time to time by notice from such Lender to the Borrowers and the Agent.

"Effective Date" means the date this Agreement becomes effective pursuant to Section 12.8.

"Environmental Laws" means all applicable federal, state or local statutes, laws, ordinances, codes, rules, regulations and guidelines (including consent decrees and administrative orders) relating to public health and safety and protection of the environment.

"Equipment" is defined in the fifth recital and includes, without limitation, collectively those items of railroad rolling stock described therein and together with any and all accessions, additions, improvements, substitutions and replacements from time to time incorporated or installed in any item thereof which are the property of any Borrower.

"Equipment Cost" shall mean, for each Unit, the purchase price therefor paid by the applicable Borrower as set forth in Schedule I with respect to such Unit.

"Equipment Group" shall mean all Units which are included within each of the categories of Equipment (designated as Equipment Group Numbers) set forth on Schedule I as may be amended from time to time.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute of similar import, together with the regulations thereunder, in each case as in effect from time to time. References to sections of ERISA also refer to any successor sections.

"Event of Default" is defined in Section 9.1.

"Event of Loss" is defined in Section 8.7.1.

"Existing Equipment" is defined in the second recital.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to

(a) the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published for such day (or, if such day is not a Business

Day, for the next preceding Business Day) by the Federal Reserve Bank of New York; or

(b) if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the Agent from three federal funds brokers of recognized standing selected by it.

"Fiscal Quarter" means any quarter of a Fiscal Year.

"Fiscal Year" means any period of twelve consecutive calendar months ending on December 31; references to a Fiscal Year with a number corresponding to any calendar year (e.g. the "1996 Fiscal Year") refer to the Fiscal Year ending on the December 31 occurring during such calendar year.

"F.R.S. Board" means the Board of Governors of the Federal Reserve System or any successor thereto.

"GAAP" is defined in Section 1.4 of this Appendix A.

"Governmental Authority" shall mean any federal, state, county, municipal or other local or foreign governmental authority or judicial or regulatory agency, board, body, commission, instrumentality, court or quasi-governmental authority from time to time having jurisdiction over any Unit or any Person that is a party to any Loan Document, any property of any of them or any of the transactions contemplated by any Loan Document.

"Guarantor" is defined in the preamble.

"Guaranty" means the Guaranty executed and delivered pursuant to Section 5.1.5, substantially in the form of Exhibit C hereto, as amended, supplemented, restated or otherwise modified from time to time.

"Hazardous Material" means

- (a) any "hazardous substance", as defined by CERCLA;
- (b) any "hazardous waste", as defined by the Resource Conservation and Recovery Act, as amended;
- (c) any petroleum product; or
- (d) any pollutant or contaminant or hazardous, dangerous or toxic chemical, material or substance within the meaning of any other applicable federal, state or local law, regulation, ordinance or requirement (including consent decrees and administrative orders) relating to or imposing

liability or standards of conduct concerning any hazardous, toxic or dangerous waste, substance or material, all as amended or hereafter amended.

"Hedging Obligations" means, with respect to any Person, all liabilities of such Person under interest rate swap agreements, interest rate cap agreements and interest rate collar agreements, and all other agreements or arrangements designed to protect such Person against fluctuations in interest rates or currency exchange rates.

"herein", "hereof", "hereto", "hereunder" and similar terms contained in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular Section, paragraph or provision of this Agreement or such other Loan Document.

"including" means including without limiting the generality of any description preceding such term, and, for purposes of this Agreement and each other Loan Document, the parties hereto agree that the rule of contract construction that would limit a general statement, which is followed by or referable to an enumeration of specific matters, to matters similar to the matters specifically mentioned shall not be applicable hereunder.

"Indebtedness" of any Person means, without duplication:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person;

(c) all obligations of such Person as lessee under leases which have been or should be, in accordance with GAAP, recorded as Capitalized Lease Liabilities;

(d) all other items which, in accordance with GAAP, would be included as liabilities on the liability side of the balance sheet of such Person as of the date at which Indebtedness is to be determined;

(e) net liabilities of such Person under all Hedging Obligations;

(f) whether or not so included as liabilities in accordance with GAAP, all obligations of such Person to pay the deferred purchase price of property or services, and

indebtedness (excluding prepaid interest thereon) secured by a Lien on property owned or being purchased by such Person (including indebtedness arising under conditional sales or other title retention agreements), whether or not such indebtedness shall have been assumed by such Person or is limited in recourse; and

(g) all Contingent Liabilities of such Person in respect of any of the foregoing.

For all purposes of this Agreement, the Indebtedness of any Person shall include the Indebtedness of any partnership or joint venture in which such Person is a general partner or a joint venturer.

"Indemnified Liabilities" is defined in Section 12.4.

"Indemnified Parties" is defined in Section 12.4.

"Interest Payment Date" means the last day of each Interest Period.

"Interest Period" means the period beginning on (and including) the date on which such Loan is made, continued or converted as pursuant to Section 2.2 or 2.3 and shall end on (but exclude) the day which numerically corresponds to such date three months thereafter (or, if such month has no numerically corresponding day, on the last Business Day of such month); provided, however, that

(a) if such Interest Period would otherwise end on a day which is not a Business Day, such Interest Period shall end on the next following Business Day (unless such next following Business Day is the first Business Day of a calendar month, in which case such Interest Period shall end on the Business Day next preceding such numerically corresponding day); and

(b) no Interest Period may end later than the Stated Maturity Date.

"Lender" and "Lenders" have the respective meanings assigned to such terms in the preamble and shall also include (whether used in the singular or the plural form) any and all Persons to whom the Notes (or any portion thereof) or any Loan is assigned in accordance with Section 12.11.1.

"LIBO Rate" is defined in Section 3.2.1.

"LIBO Rate Loan" means a Loan bearing interest, at all times during an Interest Period applicable to such Loan, at a fixed

rate of interest determined by reference to the LIBO Rate (Reserve Adjusted).

"LIBO Rate (Reserve Adjusted)" is defined in Section 3.2.1.

"LIBOR Office" means, relative to any Lender the office, such Lender designated as such below its signature hereto or designated in the Lender Assignment Agreement, or such other office of the Lender (or any successor or assign of such Lender) as designated from time to time by notice from such Lender to the Borrowers and the Agent, whether or not outside the United States, which shall be making or maintaining LIBO Rate Loans of such Lender hereunder.

"LIBOR Reserve Percentage" is defined in Section 3.2.1.

"Lien" means any mortgage, pledge, lien, security interest, agreement to segregate funds or other arrangement having the effect of creating a security interest or other charge or encumbrance whatsoever, including without limitation the retained security title of a conditional vendor or lessor.

"Loan" is defined in Section 2.1.1.

"Loan Documents" means this Agreement, the Notes, the Guaranty and the Security Documents.

"Loss Value" shall mean the current value of the Unit in question determined as follows: (a) the appraised value of each such Unit as set forth in the appraisal delivered pursuant to Section 5.1.10 minus (b) .75 multiplied by the number of interest payment dates which have occurred as of the date "Loss Value" is to be determined multiplied by such purchase price or appraisal value, as applicable.

"Material" as used in Sections 6.10 and 7.1.11 only, shall mean as the context requires, any circumstances, state of facts or matters which have, or may reasonably be expected to have, an adverse effect of \$1,000,000 or more (whether for remedial measures, penalties or otherwise).

"Multiemployer Plan" means a plan defined as such in Section 3(37) of ERISA to which contributions have been or are required to be made (or shall in the future be made or be required to be made) by any Obligor, and which is subject to Title IV of ERISA.

"Net Income" means, for any period, the amount equal to net income determined in accordance with GAAP, and in any case shall be determined on a consolidated basis consistent with the applicable Obligor's financial statements dated December 31, 1996.

"New Equipment" is defined in the fifth recital.

"Note" means a promissory note or notes of each Borrower payable to any Lender, in the form of Exhibit A hereto (as such promissory note may be amended, endorsed or otherwise modified from time to time), evidencing the aggregate Indebtedness of each Borrower to such Lender resulting from outstanding Loans, and also means all other promissory notes accepted from time to time in substitution therefor or renewal thereof.

"Obligations" means all obligations (monetary or otherwise) of the Borrowers and each other Obligor arising under or in connection with this Agreement, the Notes and each other Loan Document.

"Obligor" means the Borrowers or any other Person (other than the Agent or the Lenders) obligated under any Loan Document, including, without limitation, the Guarantor.

"Organic Document" means, relative to any Obligor, its certificate of incorporation, its by-laws and all shareholder agreements, voting trusts and similar arrangements applicable to any of its authorized shares of capital stock.

"Participant" is defined in Section 12.11.

"PBGC" means the Pension Benefit Guaranty Corporation created by Section 4002(a) of ERISA (or any successor thereto).

"Percentage" means, relative to any Lender, the percentage set forth opposite its signature hereto or set forth in the Lender Assignment Agreement to which such Lender is a Party, as such percentage may be adjusted from time to time pursuant to Lender Assignment Agreement(s) executed by such Lender and its Assignee Lender(s) and delivered pursuant to Section 12.11.

"Permitted Liens" means

(a) Liens securing payment of the Obligations, granted pursuant to any Loan Document;

(b) Liens granted prior to the Effective Date to secure payment of Indebtedness of the type permitted and described in clause (c) of Section 7.2.1;

(c) Liens for taxes, assessments or other governmental charges or levies not at the time delinquent or thereafter payable without penalty or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books and which shall not materially adversely affect

the rights or interests of the Agent or the Lenders or otherwise expose the Agent or the Lenders to criminal sanctions;

(d) Liens of carriers, warehousemen, mechanics, materialmen and landlords incurred in the ordinary course of business for sums not overdue or being diligently contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP shall have been set aside on its books and which shall not materially adversely affect the rights or interests of the Agent or the Lenders or otherwise expose the Agent or the Lenders to criminal sanctions;

(e) Liens incurred in the ordinary course of business in connection with workmen's compensation, unemployment insurance or other forms of governmental insurance or benefits, or to secure performance of tenders, statutory obligations, leases and contracts (other than for borrowed money) entered into in the ordinary course of business or to secure obligations on surety or appeal bonds; and

(f) judgment Liens in existence less than 15 days after the entry thereof or with respect to which execution has been stayed or the payment of which is covered in full (subject to a customary deductible) by insurance maintained with responsible insurance companies.

"Person" means any natural person, corporation, firm, association, government, governmental agency or any other entity, whether acting in an individual, fiduciary or other capacity.

"Plan" means any employee benefit or other plan established or maintained by any Obligor which is subject to Title IV of ERISA, other than a Multiemployer Plan.

"Release" means a "release", as such term is defined in CERCLA.

"Required Lenders" means, at any time prior to the Commitment Termination Date, Lenders holding at least 66% of the Commitments and, after the Commitment Termination Date, Lenders holding at least 66% of the then aggregate outstanding principal amount of Loans.

"Resource Conservation and Recovery Act" means the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901, et seq., as in effect from time to time.

"Security Documents" means all the documents and filings required pursuant to Sections 5.1.6, 8.2, 8.8, 10.4.1 and 10.4.2.

"Stated Maturity Date" means the fifth anniversary of the initial Borrowing or any earlier date which results from any Loan accelerated in accordance with Section 9.2 or 9.3.

"Subsequent Funding Date" means, three days following the date as of which every item of New Equipment shall have been delivered to the Borrowers, provided that such date is on or before October 31, 1997.

"Subsidiary" means, with respect to any Person, any corporation of which more than 50% of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time capital stock of any other class or classes of such corporation shall or might have voting power upon the occurrence of any contingency) is at the time directly or indirectly owned by such Person, by such Person and one or more other Subsidiaries of such Person, or by one or more other Subsidiaries of such Person.

"Taxes" is defined in Section 4.6.

"Termination Event" means (i) a "reportable event", as defined in Section 4043(b) of ERISA and the regulations issued under such Section, with respect to a Plan, as to which the requirements of Section 4043(a) have not been waived by the PBGC (provided that a failure to meet the minimum funding standard of Section 302 of ERISA shall be a reportable event regardless of the issuance of any waivers by the PBGC); (ii) the filing of a notice of intent to terminate any Plan under Section 4041 of ERISA or any other event or condition which might constitute grounds under Section 4042 of ERISA for the termination of, or for the appointment of a trustee to administer, any Plan; (iii) the complete or partial withdrawal of any Obligor from a Multiemployer Plan or the receipt by any Obligor of notice from a Multiemployer Plan that it is in reorganization or insolvency pursuant to Section 4241 or 4245 of ERISA or that it intends to terminate or has terminated under Section 4041A of ERISA; (iv) the institution of a proceeding by a fiduciary of any Multiemployer Plan against the Company to enforce Section 515 of ERISA; or (v) any event or circumstance under which any Obligor may reasonably be expected to incur any liability under Title IV of ERISA with respect to any Plan other than liabilities to make contributions and pay premiums in the ordinary course.

"type" means, relative to any Loan, the portion thereof, if any, being maintained as a Base Rate Loan or a LIBO Rate Loan.

"Unfunded Benefit Liabilities" means, with respect to any Plan, the amount (if any) by which the present value of all benefit liabilities (within the meaning of Section 4001(a)(16) of

ERISA) under such Plan exceeds the fair market value of all Plan assets allocable to such benefit liabilities, as determined in the most recent actuarial valuation of such Plan, but, for purposes hereof, such liabilities shall in no event exceed the amount thereof calculated in accordance with the provisions of Title IV of ERISA in effect as of the date on which the relevant Termination Event occurs.

"Unit" shall mean each unit or item of Equipment.

"United States" or "U.S." means the United States of America, its fifty States and the District of Columbia.

1.2. Use of Defined Terms. Unless otherwise defined or the context otherwise requires, terms for which meanings are provided in this Appendix shall have such meanings when used in the Disclosure Schedule and the Notes and in each Borrowing Request, Loan Document, notice and other communication delivered from time to time in connection with the Agreement or any other Loan Document.

1.3. Cross-References. Unless otherwise specified, references in the Agreement, including this Appendix A and in each other Loan Document to any Article or Section are references to such Article or Section of the Agreement or such other Loan Document, as the case may be, and, unless otherwise specified, references in any Article, Section or definition to any clause are references to such clause of such Article, Section or definition.

1.4. Accounting and Financial Determinations. Unless otherwise specified, all accounting terms used herein or in any other Loan Document shall be interpreted, all accounting determinations and computations hereunder or thereunder (including under Section 7.1.5) shall be made, and all financial statements required to be delivered hereunder or thereunder shall be prepared in accordance with, those generally accepted accounting principles in the United States of America ("GAAP") applied in the preparation of the financial statements referred to in Section 6.5.

SCHEDULE A

AMORTIZATION SCHEDULE

[See Attached]

Mr. Robert Ho

FORMOSA PLASTICS. USA

Libor 5.96875%
 Spread 0.47500%
 Rate 6.44375%

Initial Balance \$107,915,000.00
 Balance at Maturity \$87,163,500.00

	Principal Balance	Principal +	Interest =	Debt Service
23-Jun-97	\$107,915,000.00			
23-Sep-97	\$106,877,425.00	\$1,037,575.00	\$1,777,075.27	\$2,814,650.27
23-Dec-97	\$105,839,850.00	\$1,037,575.00	\$1,740,858.84	\$2,778,433.84
23-Mar-98	\$104,802,275.00	\$1,037,575.00	\$1,705,013.83	\$2,742,588.83
23-Jun-98	\$103,764,700.00	\$1,037,575.00	\$1,725,816.91	\$2,763,391.91
23-Sep-98	\$102,727,125.00	\$1,037,575.00	\$1,708,730.79	\$2,746,305.79
23-Dec-98	\$101,689,550.00	\$1,037,575.00	\$1,673,257.22	\$2,710,832.22
23-Mar-99	\$100,651,975.00	\$1,037,575.00	\$1,638,155.09	\$2,675,730.09
23-Jun-99	\$99,614,400.00	\$1,037,575.00	\$1,657,472.42	\$2,695,047.42
23-Sep-99	\$98,576,825.00	\$1,037,575.00	\$1,640,386.30	\$2,677,961.30
23-Dec-99	\$97,539,250.00	\$1,037,575.00	\$1,605,655.61	\$2,643,230.61
23-Mar-2000	\$96,501,675.00	\$1,037,575.00	\$1,588,755.20	\$2,626,330.20
23-Jun-2000	\$95,464,100.00	\$1,037,575.00	\$1,589,127.93	\$2,626,702.93
23-Sep-2000	\$94,426,525.00	\$1,037,575.00	\$1,572,041.81	\$2,609,616.81
23-Dec-2000	\$93,388,950.00	\$1,037,575.00	\$1,538,053.99	\$2,575,628.99
23-Mar-2001	\$92,351,375.00	\$1,037,575.00	\$1,504,437.62	\$2,542,012.62
23-Jun-2001	\$91,313,800.00	\$1,037,575.00	\$1,520,783.44	\$2,558,358.44
23-Sep-2001	\$90,276,225.00	\$1,037,575.00	\$1,503,697.32	\$2,541,272.32
23-Dec-2001	\$89,238,650.00	\$1,037,575.00	\$1,470,452.38	\$2,508,027.38
23-Mar-2002	\$88,201,075.00	\$1,037,575.00	\$1,437,578.88	\$2,475,153.88
23-Jun-2002	\$87,163,500.00	\$1,037,575.00	\$1,452,438.95	\$2,490,013.95
Total		\$20,751,500.00	\$32,049,789.80	\$52,801,289.80

Prepared by CIBC Wood Gundy Securities Corp.
 This is not an offer to provide financing or other services.

CIBC
Wood Gundy

SCHEDULE I

EQUIPMENT LIST AND DESCRIPTION

PART A Units as of Closing (2,267 Units): Road Numbers

[See Attached]

PART B Additional Units Purchased (390 Units)

[See Attached]

EQUIPMENT LIST

FLEET SUMMARY

A) EXISTING CARS:

CAR SERIES		CAPACITY		MAKER	YEAR BUILT	UNIT	UNIT	TOTAL VALUE
		UNIT	C.FT.			ORIGINAL PRICE	MARKET PRICE	
FPAX 3 DIGIT	459,483,672,674-677,679,681, 682,685-690,692,693,695-700, 702,704,706-708,710-712,714, 717-722,724,726,727,729,731- 736,738,740,-745,749,750,755, 757,758,762-764,766-777,779- 781,783-790	87	5,250	ACF	1977	36,000		
FPAX 4260xx	426000-426006,426008-426017, 426019,426020,426027,426028	21	26.3K GAL	ACF	1970	13,702		
FPAX 4260xx	426021-426026,426029-426036	14	26.3K GAL	ACF	1971	13,702		
FPAX 7416xx	741603	1	26.6K GAL	UTC	1968	13,702		
FPAX 7416xx	741600-741602,741607-741609, 741611-741618,741620,741621	16	26.7K GAL	UTC	1968	13,702		
FPAX 7416xx	741604,741605,741619	3	26.8K GAL	UTC	1968	13,702		
FPAX 7416xx	741622,741623,741625,741632- 741635,741641,741643-741645	11	29.1K GAL	UTC	1969	13,702		
FPAX 7416xx	741624,741626-741631,741636- 741639,741642,741646	12	29.2K GAL	UTC	1969	13,702		
FPAX 7416xx	741640	1	29.4K GAL	UTC	1969	13,702		
FPAX 944xxx	944600-944604	5	5,250	ACF	1971	18,000		
FPAX 945xxx	945200-945203,945208,945210, 945212-945214,945220-945222, 945224,945225,945228-945231, 945233,945234,945236-945241, 945245,945246,045249,945252, 945253,945265,945268,945271, 945280,945281,945285,945287- 945289,945292,945296,945297, 945303,945304,945306,945307, 945310-945316,945320,945322, 945324,945326,945328,945329, 945331,945332,945334,945336, 945337,945339,945341,945342, 945344,945348-945355,945358, 945362,945364,945373,945376- 945383,945385-945391,945393- 945408,945411,945413,945415, 945417,945419-945422,945424, 945427,945428,945430-945434, 945436,945440,945441,945443, 945444,945447,945450,945463, 945473-945475	139	5,250	ACF	1971	18,000		

A) EXISTING CARS: (CONTINUE)

CAR SERIES	CAPACITY C.FT.	MAKER	YEAR BUILT	UNIT		TOTAL VALUE
				ORIGINAL PRICE	MARKET PRICE	
FPAX 4 DIGIT 5750-5757	8	5,701 NTH. AMERICAN	1978	40,300		
FPAX 4 DIGIT 5800,5801,5805,5808,5812,5820 5830,5841	8	5,800 GULF RAILCAR	1988	35,000		
FPAX 4 DIGIT 5809,5817,5819,5823,5833-5835 5837,5844,5845	10	5,800 GULF RAILCAR	1989	35,000		
FPAX 4 DIGIT 5814,5826	2	5,701 GULF RAILCAR	1988	33,088		
FPAX 4 DIGIT 5839	1	5,701 GULF RAILCAR	1989	35,000		
FPAX 4 DIGIT 5825	1	5,600 GULF RAILCAR	1988	35,000		
FPAX 5 DIGIT 11002,11003,11005,11007-1101 11020-11024	19	5,701 NTH. AMERICAN	1978	38,500		
FPAX 820xxx 820001-820014,820016-820211, 820213-820263,820265-820298, 820300	296	5,701 ACF	1982	58,677		
FPAX 840xxx 840299	1	5,701 ACF	1982	58,677		
FPAX 860xxx 860212	1	5,701 ACF	1982	58,677		
FPAX 890xxx 890001-890100	100	5,850 TRINITY	1989	54,500		
FPAX 890xxx 890101-890250,890252-890416	315	5,851 TRINITY	1989	54,500		
FPAX 900xxx 900006,900009	2	16.4K GAL GULF RAILCAR	1990	48,400		
FPAX 900xxx 900001-900005,900007,900008, 900010-900013,900015,900016, 900019-900022,900024-900033	27	16.5K GAL GULF RAILCAR	1990	48,400		
FPAX 900xxx 900014,900017,900018,900023	4	16.6K GAL GULF RAILCAR	1990	48,400		
FPAX 930xxx 930001-930033	33	5,800 UTC	1993	50,236		
FPAX 931xxx 931001-931004,931006-931009, 931011-931077,931080,931081, 931083,931084,931086,931088- 931102,931107-931128,931130, 931131,931134-931150	136	16.6K GAL TRINITY	1993	48,384		
FPAX 931xxx 931005,931010,931078,931079, 931082,931085,931087,931103- 931106,931129,931132,931133	14	16.7K GAL TRINITY	1993	48,384		
FPAX 932xxx 932008	1	22.2K GAL TRINITY	1993	48,244		
FPAX 932xxx 932001-932006,932009,932010, 932013-932020,932022-932031, 932033,932035-932048,932050- 932054,932056-932060,932062- 932065	55	22.3K GAL TRINITY	1993	48,244		
FPAX 932xxx 932007,932011,932012,932021, 932032,932034,932049,932055, 932061	9	22.4K GAL TRINITY	1993	48,244		

A) EXISTING CARS: (CONTINUE)

CAR SERIES		UNIT	CAPACITY		MAKER	YEAR BUILT	UNIT	UNIT	TOTAL VALUE
			C.F.T.				ORIGINAL PRICE	MARKET PRICE	
FPAX 940xxx	940000-940081,940083-940114, 940116-940127,940129-940154, 940182,940193-940207,940209- 940236,940238-940244,940246- 940251	209		5,850	TRINITY	1994	54,779		
FPAX 940xxx	940082,940115,940128,940155- 940181,940183-940192,940208	41		5,851	TRINITY	1994	54,779		
FPAX 941xxx	941000-941063	64	24.9K GAL		ACF	1994	64,754		
FPAX950xxx	950000-950052,950054-950131, 950133-950141,950143-950145, 950147,950148	145		5,850	TRINITY	1995	55,770		
FPAX950xxx	950053,950132,950142,950146, 950149-950599	455		5,851	TRINITY	1995	55,770		

TOTAL	2,267								
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B) NEW CARS:

CAR SERIES		CAPACITY		MAKER	YEAR BUILT	UNIT	UNIT	TOTAL VALUE
		UNIT	C.F.T.			ORIGINAL PRICE	MARKET PRICE	
FPAX 970xxx	970001-970390	390	6,221	TRINITY	1997	60,370	60,370	23,544,300

TOTAL	390								23,544,300
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GRAND TOTAL	2,657								
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SCHEDULE II

DISCLOSURE SCHEDULE

ITEM 5.1.3. Indebtedness to be paid.

\$87,306,302 owed under the Loan and Security Agreement, dated as of June 23, 1995, among Formosa Plastics Corporation, U.S.A., the various financial institutions, and Canadian Imperial Bank of Commerce, New York Agency, as Agent.

ITEM 7.2.2. Liens.

None.